

Steinhilber

Calendar No. 1443

91ST CONGRESS
2^D SESSION

H. R. 17550

[Report No. 91-1431]

IN THE SENATE OF THE UNITED STATES

MAY 27, 1970

Read twice and referred to the Committee on Finance

DECEMBER 11, 1970

Reported by Mr. LONG, with amendments

[Omit the part struck through or enclosed in brackets and insert the part printed in *italic*]

AN ACT

To amend the Social Security Act to provide increases in benefits, to improve computation methods, and to raise the earnings base under the old-age, survivors, and disability insurance system, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis upon improvements in the operating effectiveness of such programs, and for other purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act, with the following table of contents, may be
4 cited as the "Social Security Amendments of 1970".

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- ~~Sec. 101. Increase in old age, survivors, and disability insurance benefits.~~
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- Sec. 222. Report on plan for prospective reimbursement; experiments and demonstration projects to develop incentives for economy in the provision of health services.
- Sec. 223. Limitations on coverage of costs under medicare program.
- Sec. 224. Limits on prevailing charge levels.
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1 TITLE I—PROVISIONS RELATING TO OLD-AGE,
2 SURVIVORS, AND DISABILITY INSURANCE
3 INCREASE IN OLD-AGE, SURVIVORS, AND DISABILITY
4 INSURANCE BENEFITS

5 SEC. 101. (a) Section 215 (a) of the Social Security
6 Act is amended by striking out the table and inserting in lieu
7 thereof the following:

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND
MAXIMUM FAMILY BENEFITS

I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1969 Act)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
-----	\$16.20	\$64.00	-----	\$76	\$67.20	\$100.80
\$16.21	16.84	65.00	\$77	78	68.30	102.50
16.85	17.60	66.40	79	80	69.80	104.70
17.61	18.40	67.70	81	81	71.10	106.70
18.41	19.24	68.90	82	83	72.40	108.60
19.25	20.00	70.30	84	85	73.90	110.90
20.01	20.64	71.60	86	87	75.20	112.80
20.65	21.28	72.80	88	89	76.50	114.80
21.29	21.88	74.20	90	90	78.00	117.00
21.89	22.28	75.50	91	92	79.30	119.00
22.29	22.68	76.80	93	94	80.70	121.10
22.69	23.08	78.00	95	96	81.90	122.90
23.09	23.44	79.40	97	97	83.40	125.10
23.45	23.76	80.80	98	99	84.90	127.40
23.77	24.20	82.30	100	101	86.50	129.80
24.21	24.60	83.50	102	102	87.70	131.60
24.61	25.00	84.90	103	104	89.20	133.80
25.01	25.48	86.40	105	106	90.80	136.20
25.49	25.92	87.80	107	107	92.20	138.30
25.93	26.40	89.20	108	109	93.70	140.60

**"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND
MAXIMUM FAMILY BENEFITS—Continued**

"I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1969 Act)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self- employment income shall be—
At least—	But not more than—		At least—	But not more than—		
\$26.41	\$26.94	\$90.60	\$110	\$113	\$95.20	\$142.80
26.95	27.46	91.90	114	118	96.50	144.80
27.47	28.00	93.30	119	122	98.00	147.00
28.01	28.68	94.70	123	127	99.50	149.30
28.69	29.25	96.20	128	132	101.10	151.70
29.26	29.68	97.50	133	136	102.40	153.60
29.69	30.36	98.80	137	141	103.80	155.70
30.37	30.92	100.30	142	146	105.40	158.10
30.93	31.36	101.70	147	150	106.80	160.20
31.37	32.00	103.00	151	155	108.20	162.30
32.01	32.60	104.50	156	160	109.80	164.70
32.61	33.20	105.80	161	164	111.10	166.70
33.21	33.88	107.20	165	169	112.60	168.90
33.89	34.50	108.60	170	174	114.10	171.20
34.51	35.00	110.00	175	178	115.50	173.30
35.01	35.80	111.40	179	183	117.00	175.50
35.81	36.40	112.70	184	188	118.40	177.60
36.41	37.08	114.20	189	193	120.00	180.00
37.09	37.60	115.60	194	197	121.40	182.10
37.61	38.20	116.90	198	202	122.80	184.20
38.21	39.12	118.40	203	207	124.40	186.60
39.13	39.68	119.80	208	211	125.80	188.70
39.69	40.33	121.00	212	216	127.10	190.70
40.34	41.12	122.50	217	221	128.70	193.10
41.13	41.76	123.90	222	225	130.10	195.20
41.77	42.44	125.30	226	230	131.60	197.40
42.45	43.20	126.70	231	235	133.10	199.70
43.21	43.76	128.20	236	239	134.70	202.10
43.77	44.44	129.50	240	244	136.00	204.00
44.45	44.88	130.80	245	249	137.40	206.10
44.89	45.60	132.30	250	253	139.00	208.50
		133.70	254	258	140.40	210.60
		134.90	259	263	141.70	212.60
		136.40	264	267	143.30	215.00
		137.80	268	272	144.70	217.60
		139.20	273	277	146.20	221.60
		140.60	278	281	147.70	224.80
		142.00	282	286	149.10	228.80
		143.50	287	291	150.70	232.80
		144.70	292	295	152.00	236.00
		146.20	296	300	153.60	240.00
		147.60	301	305	155.00	244.00
		148.90	306	309	156.40	247.20
		150.40	310	314	158.00	251.20
		151.70	315	319	159.30	255.20
		153.00	320	323	160.70	258.40
		154.50	324	328	162.30	262.40
		155.90	329	333	163.70	266.40
		157.40	334	337	165.30	269.60
		158.60	338	342	166.60	273.60
		160.00	343	347	168.00	277.60
		161.50	348	351	169.60	280.80
		162.80	352	356	171.00	284.80
		164.30	357	361	172.60	288.80
		165.60	362	365	173.90	292.00
		166.90	366	370	175.30	296.00
		168.40	371	375	176.90	300.00
		169.80	376	379	178.30	303.20
		171.30	380	384	179.90	307.20
		172.50	385	389	181.20	311.20
		173.90	390	393	182.60	314.40
		175.40	394	398	184.20	318.40
		176.70	399	403	185.60	322.40
		178.20	404	407	187.20	325.60
		179.40	408	412	188.40	329.60
		180.70	413	417	189.80	333.60
		182.00	418	421	191.10	336.80
		183.40	422	426	192.60	340.80
		184.60	427	431	193.90	344.80
		185.90	432	436	195.20	348.80
		187.30	437	440	196.70	350.40
		188.50	441	445	198.00	352.40
		189.80	446	450	199.30	354.40
		191.20	451	454	200.80	356.00
		192.40	455	459	202.10	358.00
		193.70	460	464	203.40	360.00
		195.00	465	468	204.80	361.60
		196.40	469	473	206.30	363.60
		197.60	474	478	207.50	365.60

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND
MAXIMUM FAMILY BENEFITS—Continued

"I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1969 Act)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self- employment income shall be—
At least—	But not more than—		At least—	But not more than—		
		\$198.90	\$479	\$482	\$208.90	\$367.20
		200.30	483	487	210.40	369.20
		201.50	488	492	211.60	371.20
		202.80	493	496	213.00	372.80
		204.20	497	501	214.50	374.80
		205.40	502	506	215.70	376.80
		206.70	507	510	217.10	378.40
		208.00	511	515	218.40	380.40
		209.30	516	520	219.80	382.40
		210.60	521	524	221.20	384.00
		211.90	525	529	222.50	386.00
		213.30	530	534	224.00	388.00
		214.50	535	538	225.30	389.60
		215.80	539	543	226.60	391.60
		217.20	544	548	228.10	393.60
		218.40	549	553	229.40	395.60
		219.70	554	556	230.70	396.80
		220.80	557	560	231.90	398.40
		222.00	561	563	233.10	399.60
		223.10	564	567	234.30	401.20
		224.30	568	570	235.60	402.40
		225.40	571	574	236.70	404.00
		226.60	575	577	238.00	405.20
		227.70	578	581	239.10	406.80
		228.90	582	584	240.40	408.00
		230.00	585	588	241.50	409.60
		231.20	589	591	242.80	410.80
		232.30	592	595	244.00	412.40
		233.50	596	598	245.20	413.60
		234.60	599	602	246.40	415.20
		235.80	603	605	247.60	416.40
		236.90	606	609	248.80	418.00
		238.10	610	612	250.10	419.20
		239.20	613	616	251.20	420.80
		240.40	617	620	252.50	422.40
		241.50	621	623	253.60	423.60
		242.70	624	627	254.90	425.20
		243.80	628	630	256.00	426.40
		245.00	631	634	257.30	428.00
		246.10	635	637	258.50	429.20
		247.30	638	641	259.70	430.80
		248.40	642	644	260.90	432.00
		249.60	645	648	262.10	433.60
		250.70	649	650	263.30	434.40
			651	655	264.00	436.40
			656	660	265.00	438.40
			661	665	266.00	440.40
			666	670	267.00	442.40
			671	675	268.00	444.40
			676	680	269.00	446.40
			681	685	270.00	448.40
			688	690	271.00	450.40
			691	695	272.00	452.40
			696	700	273.00	454.40
			701	705	274.00	456.40
			706	710	275.00	458.40
			711	715	276.00	460.40
			716	720	277.00	462.40
			721	725	278.00	464.40
			726	730	279.00	466.40
			731	735	280.00	468.40
			736	740	281.00	470.40
			741	745	282.00	472.40
			746	750	283.00	474.40".

**"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND
MAXIMUM FAMILY BENEFITS**

I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1969 Act)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under sub- sec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 205(a)) on the basis of his wages and self- employment income shall be—
At least—	But not more than—		At least—	But not more than—		
	\$26.94	\$90.60 or less		\$113	\$100.00	\$150.00
\$26.95	27.46	91.90	\$114	118	101.10	151.70
27.47	28.00	93.30	119	122	102.70	154.10
28.01	28.68	94.70	123	127	104.20	156.30
28.69	29.26	96.20	128	132	105.90	158.90
29.26	29.68	97.50	133	136	107.30	161.00
29.69	30.36	98.80	137	141	108.70	163.10
30.37	30.92	100.30	142	146	110.40	165.60
30.93	31.56	101.70	147	150	111.90	167.90
31.37	32.00	103.00	151	155	113.30	170.00
32.01	32.60	104.50	156	160	115.00	172.60
32.61	33.20	105.80	161	164	116.40	174.60
33.21	33.88	107.20	165	169	118.00	177.00
33.89	34.60	108.60	170	174	119.50	179.30
34.51	35.00	110.00	175	178	121.00	181.60
35.01	35.80	111.40	179	183	122.60	183.90
35.81	36.40	112.70	184	188	124.00	186.00
36.41	37.08	114.20	189	193	125.70	188.60
37.09	37.60	115.60	194	197	127.20	190.80
37.61	38.20	116.90	198	202	128.60	192.90
38.21	39.12	118.40	203	207	130.30	195.60
39.13	39.68	119.80	208	211	131.80	197.70
39.69	40.83	121.00	212	216	133.10	199.70
40.84	41.12	122.50	217	221	134.80	202.20
41.13	41.76	123.90	222	226	136.30	204.50
41.77	42.44	125.30	226	230	137.90	206.90
42.45	43.20	126.70	231	235	139.40	209.10
43.21	43.76	128.20	236	239	141.10	211.70
43.77	44.44	129.50	240	244	142.50	214.80
44.45	44.88	130.80	245	249	143.90	219.20
44.89	45.60	132.30	250	255	145.60	222.70
		133.70	254	258	147.10	227.10
		134.90	259	263	148.40	231.50
		136.40	264	267	150.10	235.00
		137.80	268	272	151.60	239.40
		139.20	273	277	153.20	243.80
		140.60	278	281	154.70	247.30
		142.00	282	286	156.20	251.70
		143.50	287	291	157.90	256.10
		144.70	292	295	159.20	259.60
		146.20	296	300	160.90	264.00
		147.60	301	305	162.40	268.40
		148.90	306	309	163.80	272.00
		150.40	310	314	165.50	276.40
		151.70	315	319	166.90	280.80
		153.00	320	323	168.30	284.30
		154.50	324	328	170.00	288.00
		155.90	329	333	171.50	293.10
		157.40	334	337	173.20	296.60
		158.60	338	342	174.50	301.00
		160.00	343	347	176.00	305.40
		161.50	348	351	177.70	308.90
		162.80	352	356	179.10	313.30
		164.30	357	361	180.80	317.70
		165.60	362	365	182.20	321.20
		166.90	366	370	183.60	325.60
		168.40	371	375	185.30	330.00
		169.80	376	379	186.80	335.60
		171.30	380	384	188.50	338.00
		172.50	385	389	189.80	342.40
		173.90	390	393	191.30	346.90
		175.40	394	398	193.00	350.30
		176.70	399	403	194.40	354.70
		178.20	404	407	196.10	358.20
		197.40	408	412	197.40	362.60
		180.70	413	417	198.80	367.00
		182.00	418	421	200.20	370.50
		183.40	422	426	201.80	374.90
		184.60	427	431	203.10	379.30
		185.90	432	436	204.50	383.70
		187.30	437	440	206.10	385.50
		188.50	441	445	207.40	387.70
		189.80	446	450	208.80	389.90
		191.20	451	454	210.40	391.60
		192.40	455	459	211.70	393.80
		193.70	460	464	213.10	396.00
		195.00	465	468	214.50	397.80
		196.40	469	473	216.10	400.00
		197.60	474	478	217.40	402.20
		198.90	479	482	218.80	404.00
		200.30	483	487	220.40	406.20

“TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND
MAXIMUM FAMILY BENEFITS—Continued

“I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1969 Act)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under sub- sec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self- employment income shall be—
At least—	But not more than—		At least—	But not more than—		
		\$201.50	\$488	\$492	\$221.70	\$408.40
		202.80	493	496	223.10	410.10
		204.20	497	501	224.70	412.30
		205.40	502	506	226.00	414.50
		206.70	507	510	227.40	416.30
		208.00	511	515	228.80	418.50
		209.30	516	520	230.30	420.70
		210.60	521	524	231.70	422.40
		211.90	525	529	233.10	424.60
		213.30	530	534	234.70	426.80
		214.50	535	538	236.00	428.60
		215.80	539	543	237.40	430.80
		217.20	544	548	239.00	433.00
		218.40	549	553	240.30	435.20
		219.70	554	556	241.70	436.50
		220.80	557	560	242.90	438.30
		222.00	561	563	244.20	439.60
		223.10	564	567	245.50	441.40
		224.30	568	570	246.80	442.70
		225.40	571	574	248.00	444.40
		226.60	575	577	249.30	446.80
		227.70	578	581	250.50	447.50
		228.90	582	584	251.80	448.80
		230.00	585	588	253.00	450.60
		231.20	589	591	254.40	451.90
		232.30	592	595	255.60	453.70
		233.50	596	598	256.90	455.00
		234.60	599	602	258.10	456.80
		235.80	603	605	259.40	458.10
		236.90	606	609	260.60	459.80
		238.10	610	612	262.00	461.20
		239.20	613	616	263.20	462.90
		240.40	617	620	264.50	464.70
		241.50	621	623	265.70	466.00
		242.70	624	627	267.00	467.80
		243.80	628	630	268.20	469.40
		245.00	631	634	269.50	471.70
		246.10	635	637	270.80	473.90
		247.30	638	641	272.10	476.20
		248.40	642	644	273.30	478.50
		249.60	645	648	274.60	480.60
		250.70	649	650	275.80	482.70
			651	655	276.80	484.40
			656	660	277.80	486.20
			661	665	278.80	487.90
			666	670	279.80	489.70
			671	675	280.80	491.40
			676	680	281.80	493.20
			681	685	282.80	494.90
			686	690	283.80	496.70
			691	695	284.80	498.40
			696	700	285.80	500.20
			701	705	286.80	501.90
			706	710	287.80	503.70
			711	715	288.80	505.40
			716	720	289.80	507.20
			721	725	290.80	508.90
			726	730	291.80	510.70
			731	735	292.80	512.40
			736	740	293.80	514.20
			741	745	294.80	515.90
			746	750	295.80	517.70”.

(b) Section 203 (a) of such Act is amended by striking out paragraph (2) and inserting in lieu thereof the following:

“(2) when two or more persons were entitled (without the application of section 202 (j) (1) and section 223 (b)) to monthly benefits under section 202 or 223 for January 1971 on the basis of the wages and self-employment income of such insured individual and at least one such person was so entitled for December 1970 on the basis of such wages and self-employment income, such total of benefits for January 1971 or any subsequent month shall not be reduced to less than the larger of—

“(A) the amount determined under this subsection without regard to this paragraph, or

“(B) an amount equal to the sum of the amounts derived by multiplying the benefit amount determined under this title (including this subsection, but without the application of section 222 (b), section 202 (q), and subsections (b), (c), and (d) of this section), as in effect prior to the enactment of the Social Security Amendments of 1970, for each such person for such ~~month~~ month, by ~~105~~ 110 percent and raising each such increased amount, if it is not a multiple of \$0.10, to the next higher multiple of \$0.10;

1 but in any such case (i) paragraph (1) of this subsec-
2 tion shall not be applied to such total of benefits after the
3 application of subparagraph (B), and (ii) if section
4 202 (k) (2) (A) was applicable in the case of any such
5 benefits for January 1971, and ceases to apply after
6 such month, the provisions of subparagraph (B) shall
7 be applied, for and after the month in which section
8 202 (k) (2) (A) ceases to apply, as though paragraph
9 (1) had not been applicable to such total of benefits for
10 January 1971, or”.

11 (c) Section 215 (b) (4) of such Act is amended by
12 striking out “December 1969” each time it appears and
13 inserting in lieu thereof “December 1970”.

14 (d) Section 215 (c) of such Act is amended to read as
15 follows:

16 “Primary Insurance Amount Under 1969 Act

17 “(c) (1) For the purposes of column II of the table
18 appearing in subsection (a) of this section, an individual’s
19 primary insurance amount shall be computed on the basis of
20 the law in effect prior to the enactment of the Social Security
21 Amendments of 1970.

22 “(2) The provisions of this subsection shall be applicable
23 only in the case of an individual who became entitled to bene-
24 fits under section 202 (a) or section 223 before January
25 1971, or who died before such month.”

1 (e) The amendments made by this section shall apply
2 with respect to monthly benefits under title II of the Social
3 Security Act for months after December 1970 and with re-
4 spect to lump-sum death payments under such title in the
5 case of deaths occurring after December 1970.

6 (f) If an individual was entitled to a disability insur-
7 ance benefit under section 223 of the Social Security Act
8 for December 1970 and became entitled to old-age insurance
9 benefits under section 202 (a) of such Act for January 1971,
10 or he died in such month, then, for purposes of section 215
11 (a) (4) of the Social Security Act (if applicable), the
12 amount in column IV of the table appearing in such section
13 215 (a) for such individual shall be the amount in such col-
14 umn on the line on which in column II appears his primary
15 insurance amount (as determined under section 215 (c) of
16 such Act) instead of the amount in column IV equal to the
17 primary insurance amount on which his disability insurance
18 benefit is based.

19 INCREASE IN BENEFITS FOR CERTAIN INDIVIDUALS

20 AGE 72 AND OVER

21 SEC. 102. (a) (1) Section 227 (a) of the Social Secu-
22 rity Act is amended by striking out "\$46" and inserting in
23 lieu thereof "\$48.30", and by striking out "\$23" and in-
24 serting in lieu thereof "\$24.20".

1 (2) Section 227 (b) of such Act is amended by striking
2 out “\$46” and inserting in lieu thereof “\$48.30”.

3 (b) (1) Section 228 (b) (1) of such Act is amended by
4 striking out “\$46” and inserting in lieu thereof “\$48.30”.

5 (2) Section 228 (b) (2) of such Act is amended by
6 striking out “\$46” and inserting in lieu thereof “\$48.30”,
7 and by striking out “\$23” and inserting in lieu thereof
8 “\$24.20”.

9 (3) Section 228 (c) (2) of such Act is amended by
10 striking out “\$23” and inserting in lieu thereof “\$24.20”.

11 (4) Section 228 (c) (3) (A) of such Act is amended
12 by striking out “\$46” and inserting in lieu thereof “\$48.30”.

13 (5) Section 228 (c) (3) (B) of such Act is amended
14 by striking out “\$23” and inserting in lieu thereof “\$24.20”.

15 (c) The amendments made by subsections (a) and (b)
16 shall apply with respect to monthly benefits under title II
17 of the Social Security Act for months after December 1970.

18 AUTOMATIC ADJUSTMENT OF BENEFITS

19 SEC. 103. (a) Section 215 of the Social Security Act
20 is amended by adding at the end thereof the following new
21 subsection:

22 “Cost of Living Increases in Benefits

23 “(i) (1) For purposes of this subsection—

24 “(A) the term ‘base quarter’ means the period of

25 3 consecutive calendar months ending on September 30,

1 1971, and the period of 3 consecutive calendar months
2 ending on September 30 of each year thereafter.

3 ~~“(B) the term ‘cost-of-living computation quarter’~~
4 means any base quarter in which the monthly average
5 of the Consumer Price Index prepared by the Depart-
6 ment of Labor exceeds, by not less than 3 per centum,
7 the monthly average of such Index in the later of (i)
8 the 3 calendar-month period ending on September 30,
9 1971, or (ii) the base quarter which was most recently
10 a cost-of-living computation quarter.

11 ~~“(2) (A) If the Secretary determines that a base quar-~~
12 ~~ter in a calendar year is also a cost-of-living computation~~
13 ~~quarter, he shall, effective for January of the next calendar~~
14 ~~year, increase the benefit amount of each individual who for~~
15 ~~such month is entitled to benefits under section 227 or 228,~~
16 ~~and the primary insurance amount of each other individual~~
17 ~~as specified in subparagraph (B) of this paragraph, by an~~
18 ~~amount derived by multiplying such amount (including each~~
19 ~~such individual's primary insurance amount or benefit~~
20 ~~amount under section 227 or 228 as previously increased~~
21 ~~under this subparagraph) by the same percentage (rounded~~
22 ~~to the next higher one-tenth of 1 percent if such percentage~~
23 ~~is an odd multiple of .05 of 1 percent and to the nearest one-~~
24 ~~tenth of 1 percent in any other case) as the percentage by~~
25 ~~which the monthly average of the Consumer Price Index~~

1 for such cost-of-living computation quarter exceeds the
2 monthly average of such Index for the base quarter deter-
3 mined after the application of clauses (i) and (ii) of para-
4 graph (1) (B).

5 “(B) The increase provided by subparagraph (A) with
6 respect to a particular cost-of-living computation quarter
7 shall apply in the case of monthly benefits under this title
8 for months after December of the calendar year in which
9 occurred such cost-of-living computation quarter, based on
10 the wages and self-employment income of an individual who
11 became entitled to monthly benefits under section 202, 223,
12 227, or 228 (without regard to section 202(j)(1) or section
13 223(b)), or who died, in or before December of such cal-
14 endar year.

15 “(C) If the Secretary determines that a base quarter
16 in a calendar year is also a cost-of-living computation quarter,
17 he shall publish in the Federal Register on or before Decem-
18 ber 1 of such calendar year a determination that a benefit
19 increase is resultantly required and the percentage thereof.
20 He shall also publish in the Federal Register at that time
21 (along with the increased benefit amounts which shall be
22 deemed to be the amounts appearing in sections 227 and
23 228) a revision of the table of benefits contained in subsec-
24 tion (a) of this section (as it may have been revised previ-
25 ously pursuant to this paragraph); and such revised table

1 shall be deemed to be the table appearing in such subsection
 2 ~~(a)~~. Such revision shall be determined as follows:

3 “(i) The headings of the table shall be the same as
 4 the headings in the table immediately prior to its revision,
 5 except that the parenthetical phrase at the beginning
 6 of column II shall show the effective date of the
 7 primary insurance amounts set forth in column IV of
 8 the table immediately prior to its revision.

9 “(ii) The amounts on each line of column I, and
 10 the amounts on each line of column III except as otherwise
 11 provided by clause ~~(v)~~ of this subparagraph, shall
 12 be the same as the amounts appearing in such column
 13 in the table immediately prior to its revision.

14 “(iii) The amount on each line of column II shall
 15 be changed to the amount shown on the corresponding
 16 line of column IV of the table immediately prior to its
 17 revision.

18 “(iv) The amount of each line of column IV shall
 19 be increased from the amount shown in the table immediately
 20 prior to its revision by increasing such amount
 21 by the percentage specified in subparagraph ~~(A)~~ of
 22 paragraph ~~(2)~~, raising each such increased amount, if
 23 not a multiple of \$0.10, to the next higher multiple of
 24 \$0.10.

25 “(v) If the contribution and benefit base ~~(as~~

1 defined in section 230(b) for the calendar year in
2 which the table of benefits is revised is lower than such
3 base for the following calendar year, columns III, IV
4 and V shall be extended. The amount in the first addi-
5 tional line in column IV shall be the amount in the last
6 line of such column as determined under clause (iv),
7 plus \$1.00, rounding such increased amount (if not a
8 multiple of \$1.00) to the next higher multiple of \$1.00
9 where such increased amount is an odd multiple of \$0.50
10 and to the nearest multiple of \$1.00 in any other case.
11 The amount on each succeeding line of column IV shall
12 be the amount on the preceding line increased by \$1.00,
13 until the amount on the last line of such column is equal
14 to the larger of (I) one thirty-sixth of the contribution
15 and benefit base for the calendar year following the
16 calendar year in which the table of benefits is revised
17 or (II) the last line of such column as determined under
18 clause (iv) plus 20 percent of one-twelfth of the excess
19 of the contribution and benefit base for the calendar year
20 following the calendar year in which the table of benefits
21 is revised over such base for the calendar year in which
22 the table of benefits is revised, rounding such amount (if
23 not a multiple of \$1.00) to the next higher multiple of
24 \$1.00 where such amount is an odd multiple of \$0.50
25 and to the nearest multiple of \$1.00 in any other case.

The amount in each additional line of column III shall be determined so that the second figure in the last line of column III is one-twelfth of the contribution and benefits base for the calendar year following the calendar year in which the table of benefits is revised, and the remaining figures in column III shall be determined in consistent mathematical intervals from column IV. The second figure in the last line of column III before the extension of the column shall be increased to a figure mathematically consistent with the figures determined in accordance with the preceding sentence. The amount on each line of column V shall be increased, to the extent necessary, so that each such amount is equal to 40 percent of the second figure in the same line of column III, plus 40 percent of the smaller of (I) such second figure or (II) the larger of \$450 or 50 per centum of the largest figure in column III.

“(vi) The amount on each line of column V shall be increased, if necessary, so that such amount is at least equal to one and one-half times the amount shown on the corresponding line in column IV. Any such increased amount that is not a multiple of \$0.10 shall be increased to the next higher multiple of \$0.10.”

(b) Section 203(a) of such Act (as amended by section 101(b) of this Act) is amended—

(1) by striking out the period at the end of paragraph (3) and inserting in lieu thereof “, or ”, and inserting after paragraph (3) the following new paragraph:

“(4) when two or more persons are entitled (without the application of section 202(j)(1) and section 223(b)) to monthly benefits under section 202 or 223 for December of the calendar year in which occurs a cost-of-living computation quarter (as defined in section 215(i)(1)) on the basis of the wages and self-employment income of such insured individual, such total of benefits for the month immediately following shall be reduced to not less than the amount equal to the sum of the amounts derived by increasing the benefit amount determined under this title (including this subsection, but without the application of section 222(b), section 202(q), and subsections (b), (c), and (d) of this section) as in effect for such December for each such person by the same percentage as the percentage by which such individual's primary insurance amount (including such amount as previously increased) is increased under section 215(i)(2) for such month immediately following, and raising each such increased amount (if not a multiple of \$0.10) to the next higher multiple of \$0.10.”; and

~~(2) by striking out "the table in section 215(a)"~~
 in the matter preceding paragraph ~~(1)~~ and inserting in
 lieu thereof ~~"the table in (or deemed to be in) section~~
~~215(a)"~~.

~~(c)(1)~~ Section 215(a) of such Act is amended by strik-
 ing out the matter which precedes the table and inserting in
 lieu thereof the following:

~~"(a)~~ The primary insurance amount of an insured in-
 dividual shall be the amount in column IV of the following
 table, or, if larger, the amount in column IV of the latest
 table deemed to be such table under subsection ~~(i)(2)(C)~~
 or section 230(c), determined as follows:

~~"(1)~~ Subject to the conditions specified in sub-
 sections ~~(b)~~, ~~(c)~~, and ~~(d)~~ of this section and except
 as provided in paragraph ~~(2)~~ of this subsection, such
 primary insurance amount shall be whichever of the
 following amounts is the largest:

~~"(i)~~ The amount in column IV on the line on
 which in column III of such table appears his aver-
 age monthly wage (as determined under subsection
~~(b)~~);

~~"(ii)~~ The amount in column IV on the line on
 which in column II of such table appears his pri-
 mary insurance amount (as determined under sub-
 section ~~(c)~~); or

1 “(iii) The amount in column IV on the line
2 on which in column I of such table appears his pri-
3 mary insurance benefit (as determined under sub-
4 section (d)).

5 “(2) In the case of an individual who was entitled
6 to a disability insurance benefit for the month before
7 the month in which he died, became entitled to old-
8 age insurance benefits, or attained age 65, such pri-
9 mary insurance amount shall be the amount in column
10 IV which is equal to the primary insurance amount
11 upon which such disability insurance benefit is based,
12 except that, if such individual was entitled to a dis-
13 ability insurance benefit under section 223 for the month
14 before the effective month of a new table (other than
15 a table provided by section 230) and in the follow-
16 ing month became entitled to an old-age insurance bene-
17 fit, or he died in such following month, then his pri-
18 mary insurance amount for such following month shall
19 be the amount in column IV of the new table on the
20 line on which in column II of such table appears his
21 primary insurance amount for the month before the
22 effective month of the table (as determined under sub-
23 section (c)) instead of the amount in column IV equal
24 to the primary insurance amount on which his dis-
25 ability insurance benefit is based.”

1 ~~(2)~~ Effective January 1, 1973, section 215(b)(4) of
 2 such Act ~~(as amended by section 101(c) of this Act)~~ is
 3 amended to read as follows:

4 ~~“(4)~~ The provisions of this subsection shall be appli-
 5 cable only in the case of an individual—

6 ~~“(A)~~ who becomes entitled in or after the effec-
 7 tive month of a new table that appears in ~~(or is deemed~~
 8 ~~by subsection (i)(2)(C) or section 230(c) to appear~~
 9 ~~in) subsection (a) to benefits under section 202(a) or~~
 10 ~~section 223; or~~

11 ~~“(B)~~ who dies in or after such effective month
 12 without being entitled to benefits under section 202(a)
 13 or section 223; or

14 ~~“(C)~~ whose primary insurance amount is required
 15 to be recomputed under subsection ~~(f)(2)~~.”.

16 ~~(3)~~ Effective January 1, 1973, section 215(e) of
 17 such Act ~~(as amended by section 101(d) of this Act)~~ is
 18 amended to read as follows:

19 “Primary Insurance Amount Under Prior Provisions

20 ~~“(c)(1)~~ For the purposes of column II of the table
 21 that appears in ~~(or is deemed to appear in) subsection (a)~~
 22 of this section, an individual's primary insurance amount
 23 shall be computed on the basis of the law in effect prior to
 24 the effective month of the latest such table.

25 ~~“(2)~~ The provisions of this subsection shall be appli-

1 eable only in the case of an individual who became entitled
 2 to benefits under section 202(a) or section 223, or who died,
 3 before such effective month."

4 ~~(d)~~ Sections 227 and 228 of such Act (as amended
 5 by section 102 of this Act) are amended by striking out
 6 "\$48.30" wherever it appears and inserting in lieu thereof
 7 "the larger of \$48.30 or the amount most recently estab-
 8 lished in lieu thereof under section 215(i)"; and by strik-
 9 ing out "\$24.20" wherever it appears and inserting in lieu
 10 thereof "the larger of \$24.20 or the amount most recently
 11 established in lieu thereof under section 215(i)".

12 INCREASED WIDOW'S AND WIDOWER'S INSURANCE
 13 BENEFITS

14 SEC. ~~104~~ 103. (a) (1) Section 202(e) of the Social
 15 Security Act is amended—

16 ~~(1)~~ by striking out "82½ percent of" wherever it
 17 appears in paragraphs ~~(1)~~ and ~~(2)~~; and

18 (A) by striking out "82½ percent of the primary
 19 insurance amount of such deceased individual" wherever
 20 it appears in paragraph (1) and inserting in lieu there-
 21 of "the amount of the widow's insurance benefit (as
 22 determined under paragraph (2)) of such widow or
 23 surviving divorced wife"; and

24 (B) by striking out subparagraph (C) of para-
 25 graph (1) and inserting in lieu thereof the following
 26 new subparagraph:

“(C)(i) has filed application for widow’s insurance benefits, or (ii) was entitled, on the basis of the wages and self-employment income of such individual, to—

“(I) mother’s insurance benefits for the month preceding the month in which she attained age 65, or

“(II) wife’s insurance benefits for the month preceding the month in which he died, but only if in such preceding month she had attained the age of 65 or was not entitled to benefits under subsection (a) or section 223,”;

~~(2)(C)~~ by striking out “age 62” in subparagraphs ~~(C)(i)~~ and ~~(C)(ii)~~ of paragraph ~~(1)~~, and in the matter following subparagraph (G) in paragraph (1), and inserting in lieu thereof in each instance “age 65”.

(2) Paragraph (2) of section 202(e) of such Act is amended to read as follows:

“(2)(A) Except as provided in subsection (q), paragraph (4) of this subsection, and subparagraph (B) of this paragraph, such widow’s insurance benefit for each month shall be equal to the primary insurance amount of such deceased individual.

“(B) If the deceased individual (on the basis of whose wages and self-employment income a widow or surviving divorced wife is entitled to widow’s insurance benefits under

1 *this subsection) was, at any time, entitled to an old-age insur-*
 2 *ance benefit, which was reduced by reason of the application*
 3 *of subsection (q), the widow's insurance benefit of such widow*
 4 *or surviving divorced wife for any month shall, if the amount*
 5 *of the widow's insurance benefit of such widow or surviving*
 6 *divorced wife (as determined under subparagraph (A) and*
 7 *after application of subsection (q)) is greater than the amount*
 8 *of the old-age insurance benefit to which such deceased individ-*
 9 *ual would have been entitled (after application of subsection*
 10 *(q)) for such month if such individual were still living, shall*
 11 *be reduced to an amount equal to the amount of the old-age*
 12 *insurance benefit to which such deceased individual would*
 13 *have been entitled (after application of subsection (q)) for*
 14 *such month if such individual were still living.*

15 (b) (1) Section 202 (f) of such Act is amended—

16 ~~(1) by striking out “82½ percent of” wherever it~~
 17 ~~appears in paragraphs (1) and (3);~~

18 (A) by striking out “82½ percent of the primary
 19 insurance amount of his deceased wife” wherever it ap-
 20 pears in paragraph (1) and inserting in lieu thereof “the
 21 amount of the widower's insurance benefit (as deter-
 22 mined under paragraph (3)) of such widower”;

23 (B) by striking out subparagraph (C) of para-
 24 graph (1), and inserting in lieu thereof the following
 25 new subparagraph:

1 “(C)(i) has filed application for widower’s insur-
 2 ance benefits or (ii) was entitled to husband’s insurance
 3 benefits, on the basis of the wages and self-employment
 4 income of such individual, for the month preceding the
 5 month in which she died, but only if in such preceding
 6 month he had attained the age of 65 or was not entitled
 7 to benefits under subsection (a) or section 223,”; and

8 ~~(2)~~ by inserting “, after attainment of age 65,”
 9 after “was entitled” in paragraph ~~(1)(C)~~; and

10 ~~(3)(C)~~ by striking out “age 62” in the matter fol-
 11 lowing subparagraph (G) in paragraph (1) and insert-
 12 ing in lieu thereof “age 65”.

13 (2) Paragraph (3) of section 202(f) of such Act is
 14 amended to read as follows:

15 “(3)(A) Except as provided in subsection (q), para-
 16 graph (4) of this subsection, and subparagraph (B) of this
 17 paragraph, such widower’s insurance benefit for each month
 18 shall be equal to the primary insurance amount of his de-
 19 ceased wife.

20 “(B) If the deceased wife (on the basis of whose
 21 wages and self-employment income a widower is entitled to
 22 widower’s insurance benefits under this subsection) was, at
 23 any time, entitled to an old-age insurance benefit which was
 24 reduced by reason of the application of subsection (q), the

1 widower's insurance benefit of such widower for any month
 2 shall, if the amount of the widower's insurance benefit of
 3 such widower (as determined under subparagraph (A) and
 4 after application of subsection (q)) is greater than the
 5 amount of the old-age insurance benefit to which such deceased
 6 wife would have been entitled (after application of subsection
 7 (q)) for such month if such wife were still living, be reduced
 8 to an amount equal to the amount of the old-age insurance
 9 benefit to which such deceased wife would have been entitled
 10 (after application of subsection (q)) for such month if such
 11 wife were still living.

12 (c) (1) The last sentence of section 203 (c) of such Act
 13 is amended by striking out all that follows the semicolon and
 14 inserting in lieu thereof the following: "nor shall any de-
 15 duction be made under this subsection from any widow's
 16 insurance benefit for any month in which the widow or sur-
 17 viving divorced wife is entitled and has not attained age 65.
 18 (but only if she became so entitled prior to attaining age
 19 60), or from any widower's insurance benefit for any month
 20 in which the widower is entitled and has not attained age 65.
 21 (but only if he became so entitled prior to attaining age
 22 62)."

23 (2) Clause (D) of section 203 (f) (1) of such Act is
 24 amended to read as follows: "(D) for which such individual
 25 is entitled to widow's insurance benefits and has not attained

1 age 65 (but only if she became so entitled prior to attaining
 2 age 60), or widower's insurance benefits and has not attained
 3 age 65 (but only if he became so entitled prior to attain-
 4 ing age 62), or".

5 (d) Section 202(k)(3)(A) of such Act is amended by
 6 striking out "subsection (q) and" and inserting in lieu
 7 thereof "subsection (q), subsection (e)(2) or (f)(3), and".

8 ~~(d)~~(e) (1) Section 202 (q) (1) of such Act is amended
 9 to read as follows:

10 "(1) If the first month for which an individual is
 11 entitled to an old-age, wife's, husband's, widow's, or
 12 widower's insurance benefit is a month before the month in
 13 which such individual attains retirement age, the amount of
 14 such benefit for such month and for any subsequent month
 15 shall, subject to the succeeding paragraphs of this subsection,
 16 be reduced by—

17 "(A) $\frac{5}{9}$ of 1 percent of such amount if such benefit
 18 is an old-age insurance benefit, $\frac{25}{36}$ of 1 percent of such
 19 amount if such benefit is a wife's or husband's insurance
 20 benefit, or $\frac{57}{120}$ of 1 percent of such amount if such
 21 benefit is a widow's or widower's insurance benefit,
 22 multiplied by—

23 "(B) (i) the number of the months in the reduction
 24 period for such benefit (determined under paragraph

1 (6) (A)), if such benefit is for a month before the
2 month in which such individual attains retirement age, or

3 “ (ii) if less the number of such months in the
4 adjusted reduction period for such benefit (determined
5 under paragraph (7)), if such benefit is (I) for the
6 month in which such individual attains age 62, or
7 (II) for the month in which such individual attains
8 retirement age;

9 and in the case of a widow or widower whose first month of
10 entitlement to a widow's or widower's insurance benefit is a
11 month before the month in which such widow or widower at-
12 tains age 60, such benefit, reduced pursuant to the preced-
13 ing provisions of this paragraph (and before the application
14 of the second sentence of paragraph (8)), shall be further
15 reduced by—

16 “ (C) $\frac{43}{240}$ of 1 percent of the amount of such
17 benefit, multiplied by—

18 “ (D) (i) the number of months in the additional
19 reduction period for such benefit (determined under
20 paragraph (6) (B)), if such benefit is for a month before
21 the month in which such individual attains age 62, or

22 “ (ii) if less, the number of months in the additional
23 adjusted reduction period for such benefit (determined
24 under paragraph (7)), if such benefit is for the month
25 in which such individual attains age 62.”

26 (2) Section 202 (q) (7) of such Act is amended—

(A) by striking out everything that precedes subparagraph (A) and inserting in lieu thereof the following:

“(7) For purposes of this subsection the ‘adjusted reduction period’ for an individual’s old-age, wife’s, husband’s, widow’s, or widower’s insurance benefit is the reduction period prescribed in paragraph (6) (A) for such benefit, and the ‘additional adjusted reduction period’ for an individual’s widow’s, or widower’s insurance benefit is the additional reduction period prescribed by paragraph (6) (B) for such benefit, excluding from each such period—”;
and

(B) by striking out “attained retirement age” in subparagraph (E) and inserting in lieu thereof “attained age 62, and also for any month before the month in which he attained retirement age,”.

(3) Section 202 (q) (9) of such Act is amended to read as follows:

“(9) For purposes of this subsection, the term ‘retirement age’ means age 65.”

~~(e)~~(f) Section 202 (m) of such Act is amended to read as follows:

(g) *in the case of any individual who is entitled to a widow’s or widower’s insurance benefit for the month of December 1970, the provisions of this section shall not operate to reduce such benefit to less than 82½ percent of the primary*

1 insurance amount of the deceased individual on the basis of
 2 whose wages and self employment income such benefit is
 3 payable.

4 “Minimum Survivor’s Benefit

5 “(m) (1) In any case in which an individual is entitled
 6 to a monthly benefit under this section (other than under
 7 subsection (a)) for any month and no other person is (with-
 8 out the application of subsection (j) (1) and section 223 (b))
 9 entitled to a monthly benefit under this section or sec-
 10 tion 223 for such month on the basis of the same wages
 11 and self-employment income, such individual’s benefit amount
 12 for such month, prior to reduction under subsections ~~(k) (3)~~
 13 ~~and (q) (1)~~ subsection (k) (3), shall be not less than the first
 14 amount appearing in column IV of the table in section 215
 15 (a) ; except as provided in paragraph (2).

16 “(2) In the case of such an individual who is entitled
 17 to a monthly benefit under subsection (e) or (f) and whose
 18 benefit is subject to reduction under subsection ~~(q) (1)~~,
 19 such benefit amount, after reduction under subsection (q)
 20 (1) and subsection (e) (2) (B) or (f) (3) (B), shall not be
 21 less than the amount it would be under paragraph (1) after
 22 ~~such reduction~~ reduction under subsection (q) (1), if retire-
 23 ment age as specified in paragraph (6) (A) (ii) of subsection
 24 (q) were age 62 rather than retirement age (as defined in
 25 subsection (q) (9)). if such individual had attained ~~(or would~~
 26 ~~attain)~~ retirement age (as defined in subsection ~~(q) (9)~~) in
 27 the month in which he attained ~~(or would attain)~~ age 62.

1 “~~(3)~~ In the case of an individual to whom paragraph
 2 ~~(2)~~ applies but whose first month of entitlement to benefits
 3 under subsection ~~(c)~~ or ~~(f)~~ was before the month in which
 4 he attained age 60, such paragraph ~~(2)~~ shall be applied, for
 5 purposes of determining the number of months to be used in
 6 computing the reduction under subparagraphs ~~(A)~~ and ~~(B)~~
 7 of subsection ~~(q)~~ ~~(1)~~ (but not for purposes of determining
 8 the number of months to be used in computing the reduction
 9 under subparagraphs ~~(C)~~ and ~~(D)~~ of such subsection), as
 10 though such first month of entitlement had been the month in
 11 which he attained such age.”

12 ~~(f)~~ *(g)* In the case of an individual who is entitled
 13 ~~(without the application of section 202(j)(1) and 223(b)~~
 14 ~~of the Social Security Act)~~ to widow's or widower's insur-
 15 ance benefits for the month of December 1970, the Secretary
 16 shall redetermine the amount of such benefits *for months after*
 17 *December 1970* under title II of ~~such~~ *the Social Security Act*
 18 as if the amendments made by this section had been in
 19 effect for the first month of such individual's entitlement to
 20 such benefits.

21 ~~(g)~~ *(h)* Where—

22 (1) two or more persons are entitled ~~(without~~
 23 ~~the application of section 202(j)(1) of the Social Se-~~
 24 ~~curity Act)~~ to monthly benefits under section 202 of
 25 ~~such~~ *the Social Security Act* for December 1970 on the
 26 basis of the wages and self-employment income of a de-
 27 ceased individual, and one or more of such persons is so

1 entitled under subsection (e) or (f) of such section 202,
2 and

3 (2) one or more of such persons is entitled on the
4 basis of such wages and self-employment income to in-
5 creased monthly benefits under subsection (e) or (f)
6 of such section 202 (as amended by this section) for
7 January 1971, and

8 (3) the total of benefits to which all persons are
9 entitled under section 202 of such Act on the basis of
10 such wages and self-employment income for January
11 1971 is reduced by reason of section 203 (a) of such
12 Act, as amended by this Act (or would, but for the
13 penultimate sentence of such section 203 (a), be so
14 reduced),

15 then the amount of the benefit to which each such person
16 referred to in paragraph (1); ~~other than a person entitled~~
17 ~~under subsection (e) or (f) of such section 202,~~ is entitled
18 for months after December 1970 shall be ~~adjusted in no case~~
19 ~~be less,~~ after the application of *this section and* such section
20 203 (a), ~~to an amount no less than the amount it would have~~
21 ~~been if the person or persons referred to in paragraph (2)-~~
22 ~~had not become entitled to an increased benefit referred to~~
23 ~~in such paragraph without the application of this section.~~

24 ~~(h)~~ (i) The amendments made by this section shall
25 apply with respect to monthly benefits under title II of the
26 Social Security Act for months after December 1970.

AGE-62 COMPUTATION POINT FOR MEN

SEC. ~~105.~~ 104. (a) Section 214(a) (1) of the Social Security Act is amended by striking out "before—" and all that follows down through "except" and inserting in lieu thereof "before the year in which he died or (if earlier) the year in which he attained age 62, except".

(b) Section 215(b) (3) of such Act is amended by striking out "before—" and all that follows down through "For" and inserting in lieu thereof "before the year in which he died or, if it occurred earlier but after 1960, the year in which he attained age 62. For".

~~(c)~~ In the case of an individual who is entitled to monthly benefits under section 202 or 223 of the Social Security Act for a month after December 1970, on the basis of the wages and self-employment income of an insured individual who prior to January 1971 became entitled to benefits under section 202(a), or who prior to January 1971 became entitled to benefits under section BBC after the year in which he attained age 62 or who died prior to January 1971 in a year after the year in which he attained age 62 the Secretary shall notwithstanding paragraphs ~~(1)~~ and ~~(2)~~ of section 215(f) of such Act recompute the primary insurance amount of such insured individual. Such recomputation shall be made under whichever of the following alternative computation methods yields the higher primary insurance amount:

- 1 ~~(1)~~ the computation methods in section 215 ~~(b)~~
2 and ~~(d)~~ of such Act as amended by this Act as such
3 methods would apply in the case of an insured individual
4 who attained age 62 in 1971 except that the provisions
5 of section 215 ~~(d)~~ ~~(3)~~ of such Act shall not apply; or
6 ~~(2)~~ the computation methods specified in paragraph
7 ~~(1)~~ without regard to the limitation "but after 1960"
8 contained in section 215 ~~(b)~~ ~~(3)~~ of such Act except that
9 for any such recomputation when the number of an
10 individual's benefit computation years is less than 5,
11 his average monthly wage shall, if it is in excess of
12 \$400, be reduced to such amount.
- 13 ~~(d)~~ (c) Section 223 (a) (2) of such Act is amended—
14 (1) by striking out "(if a woman) or age 65 (if
15 a man)",
16 (2) by striking out "in the case of a woman" and
17 inserting in lieu thereof "in the case of an individual",
18 and
19 (3) by striking out "she" and inserting in lieu
20 thereof "he".
- 21 ~~(e)~~ (d) Section 223 (c) (1) (A) of such Act is
22 amended by striking out "(if a woman) or age 65 (if a
23 man)".
- 24 ~~(f)~~ (e) Section 227 (a) of such Act is amended by
25 striking out "so much of paragraph (1) of section 214 (a)

1 as follows clause (C)” and inserting in lieu thereof “para-
2 graph (1) of section 214(a)”.

3 ~~(g)~~ (f) Section 227(b) of such Act is amended by
4 striking out “so much of paragraph (1) thereof as follows
5 clause (C)” and inserting in lieu thereof “paragraph (1)
6 thereof”.

7 ~~(h)~~ (g) Sections 209(i), ~~213(a)(2)~~, and 216(i)(3)
8 (A), of such Act are amended by striking out “(if a woman)
9 or age 65 (if a man)”.

10 ~~(i)(1)~~ (h) Section 303(g)(1) of the Social Security
11 Amendments of 1960 is amended—

12 ~~(A)~~ (1) by striking out “Amendments of 1965 and
13 1967” and inserting in lieu thereof “Amendments of
14 1965, 1967, 1969, and 1970”; and

15 ~~(B)~~ (2) by striking out “Amendments of 1967”
16 wherever it appears and inserting in lieu thereof
17 “Amendments of 1970”; and

18 ~~(C)~~ by inserting “(subject to section ~~104(i)(2)~~
19 of the Social Security Amendments of 1970)” after
20 “except that” in the last sentence.

21 ~~(2)~~ For purposes of monthly benefits payable after
22 December 1970, or a lump-sum death payment in the case
23 of an insured individual who dies after December 1970,
24 “retirement age” as referred to in section ~~303(g)(1)~~ of

1 the Social Security Amendments of 1960 shall mean age
2 62.

3 ~~(j)~~ (i) Paragraph (9) of section 3121 (a) of the Inter-
4 nal Revenue Code of 1954 (relating to definition of wages)
5 is amended to read as follows:

6 “(9) any payment (other than vacation or sick
7 pay) made to an employee after the month in which he
8 attains age 62, if such employee did not work for the
9 employer in the period for which such payment is
10 made;”.

11 ~~(k)~~ When two or more persons are entitled ~~(without~~
12 the application of sections 202(j)(1) and 223(b) of the
13 Social Security Act) to monthly benefits under section 202
14 or 223 of such Act for December 1970, on the basis of the
15 wages and self-employment income of an insured individual,
16 and the total of benefits for such persons is reduced under
17 section 203(a) of such Act ~~(or would, but for the penulti-~~
18 mate sentence of such section 203(a), be so reduced) for the
19 month of January 1971 and such individual's primary insur-
20 ance amount is increased for such month under the amend-
21 ments made by this section, then the total of benefits for such
22 persons for and after January 1971 shall not be reduced to
23 less than the sum of—

24 ~~(1)~~ the amount determined under section 203(a)
25 ~~(2)~~ of such Act for January 1971, and

1 ~~(2)~~ an amount equal to the excess of ~~(A)~~ such
2 individual's primary insurance amount for January 1971,
3 as determined under section 215 of such Act ~~(as~~
4 amended by section 101 of this Act) and in accord-
5 ance with the amendments made by this section, over
6 ~~(B)~~ his primary insurance amount for January 1971
7 as determined under such section 215 without regard to
8 such amendments.

9 ~~(1)~~ The amendments made by this section shall apply
10 with respect to monthly benefits under title II of the
11 Social Security Act for months after December 1970 and
12 with respect to lump-sum death payments made under
13 such title in the case of deaths occurring after December
14 1970, except that in the case of an individual who was not
15 entitled to a monthly benefit under title II of such Act for
16 December 1970 such amendments shall apply only on the
17 basis of an application filed in or after the month in which
18 this Act is enacted.

19 *(j)(1) The amendments made by this section (except*
20 *subsection (i) and subsection (g) as it relates to the amend-*
21 *ment to section 209(i) of the Social Security Act) shall*
22 *apply in the case of a man who attains (or would attain) age*
23 *62 after December 1972. The amendment made by subsec-*
24 *tion (g) as it relates to the amendment to section 209(i) of*

1 the Social Security Act and by subsection (i) shall apply
2 only with respect to payments after 1972.

3 (2) In the case of a man who attains age 62 prior to
4 1973, the number of his elapsed years for purposes of
5 section 215(b)(3) of the Social Security Act shall be equal
6 to the number (A) determined under such section, as in
7 effect on January 1, 1970, or (B) if less, determined as
8 though he attained age 65 in 1973, except that monthly
9 benefits under title II of the Social Security Act for months
10 prior to 1971 payable on the basis of his wages and self-
11 employment income shall be determined as though this sec-
12 tion had not been enacted.

13 (3) In the case of a man who attains or will attain age
14 62 in 1971, the figure "64" should be substituted for the
15 figure "65" in sections 214(a)(1), 223(c)(1)(A), 209
16 (i) and 216(i)(3)(A) of the Social Security Act and
17 paragraph (9) of section 3121(a) of the Internal Revenue
18 Code of 1954. In the case of a man who attains or will attain
19 age 62 in 1972, the figure "63" should be substituted for
20 the figure "65" in sections 214(a)(1), 223(c)(1)(A), 209
21 (i), and 216(i)(3)(A) of the Social Security Act and
22 paragraph (9) of section 3121(a) of the Internal Revenue
23 Code."

ELECTION TO RECEIVE ACTUARIALLY REDUCED BENEFITS
IN ONE CATEGORY NOT TO BE APPLICABLE TO CERTAIN BENEFITS IN OTHER CATEGORIES

SEC. 106. ~~(a)(1)~~ Section 202(q)(3)(A) of the Social Security Act is amended by striking out all that follows clause ~~(ii)~~ and inserting in lieu thereof the following: “then ~~(subject to the succeeding paragraphs of this subsection)~~ such wife’s, husband’s, widow’s, or widower’s insurance benefit for each month shall be reduced as provided in subparagraph ~~(B)~~, ~~(C)~~, or ~~(D)~~ of this paragraph, in lieu of any reduction under paragraph ~~(1)~~, if the amount of the reduction in such benefit under this paragraph is less than the amount of the reduction in such benefit would be under paragraph ~~(1)~~.”

~~(2)~~ Section 202(q)(3) of such Act is further amended by striking out subparagraphs ~~(E)~~, ~~(F)~~, and ~~(G)~~.

~~(b)~~ Section 202(r) of such Act is repealed.

~~(c)(1)(A)~~ Subject to subparagraph ~~(B)~~, subsection ~~(a)~~ of this section and the amendments made thereby shall apply with respect to benefits for months commencing with the sixth month after the month in which this Act is enacted.

~~(B)~~ Subsection ~~(a)~~ of this section and the amendments made thereby shall apply in the case of an individual whose

1 entitlement to benefits under section 202 of the Social Secu-
2 rity Act began ~~(without regard to sections 202(j)(1) and~~
3 ~~223(b) of such Act)~~ before the sixth month after the month
4 in which this Act is enacted only if such individual files with
5 the Secretary of Health, Education, and Welfare, in such
6 manner and form as the Secretary shall by regulations pre-
7 scribe, a written request that such subsection and such
8 amendments apply. In the case of such an individual who
9 is described in paragraph 2(A)(i) of this subsection, the
10 request for a redetermination under paragraph ~~(2)~~ shall con-
11 stitute the request required by this subparagraph, and sub-
12 section ~~(a)~~ of this section and the amendments made thereby
13 shall apply pursuant to such request with respect to such
14 individual's benefits as redetermined in accordance with
15 paragraph ~~(2)(B)(i)~~ ~~(but only if he does not refuse to~~
16 ~~accept such redetermination)~~. In the case of any individual
17 with respect to whose benefits subsection ~~(a)~~ of this section
18 and the amendments made thereby may apply only pursuant
19 to a request made under this subparagraph, such subsection
20 and such amendments shall be effective ~~(subject to para-~~
21 ~~graph (2)(D))~~ with respect to benefits for months com-
22 mencing with the sixth month after the month in which this
23 Act is enacted or, if the request required by this subpara-
24 graph is not filed before the end of such sixth month, with

1 the second month following the month in which the request
2 is filed.

3 ~~(C)~~ Subsection ~~(b)~~ of this section shall apply with
4 respect to benefits payable pursuant to applications filed on
5 or after the date of the enactment of this Act.

6 ~~(2)~~ ~~(A)~~ In any case where an individual—

7 ~~(i)~~ is entitled, for the fifth month following the
8 month in which this Act is enacted, to a monthly in-
9 surance benefit under section 202 of the Social Security
10 Act ~~(I)~~ which was reduced under subsection ~~(q)~~ ~~(3)~~ of
11 such section, and ~~(II)~~ the application for which was
12 deemed ~~(or, except for the fact that an application had~~
13 ~~been filed, would have been deemed)~~ to have been filed
14 by such individual under subsection ~~(r)~~ ~~(1)~~ or ~~(2)~~ of
15 such section, and

16 ~~(ii)~~ files a written request for a redetermination
17 under this subsection, on or after the date of the enact-
18 ment of this Act and in such manner and form as the
19 Secretary of Health, Education, and Welfare shall by
20 regulations prescribe,

21 the Secretary shall redetermine the amount of such benefit,
22 and the amount of the other benefit ~~(reduced under subsec-~~
23 ~~tion (q) (1) or (2) of such section)~~ which was taken into
24 account in computing the reduction in such benefit under such

1 subsection ~~(q)~~ ~~(3)~~, in the manner provided in subparagraph
2 ~~(B)~~ of this paragraph.

3 ~~(B)~~ Upon receiving a written request for the redeter-
4 mination under this paragraph of a benefit which was reduced
5 under subsection ~~(q)~~ ~~(3)~~ of section 202 of the Social Se-
6 curity Act and of the other benefit which was taken into ac-
7 count in computing such reduction, filed by an individual as
8 provided in subparagraph ~~(A)~~ of this paragraph, the Sec-
9 retary shall—

10 ~~(i)~~ determine the highest monthly benefit amount
11 which such individual could receive under the sub-
12 sections of such section 202 which are involved ~~(or~~
13 under section 223 of such Act and the subsection of
14 such section 202 which is involved) for the month
15 with which the redetermination is to be effective under
16 subparagraph ~~(D)~~ of this subsection ~~(without regard~~
17 to sections 202 ~~(k)~~, 203 ~~(a)~~, and 203 ~~(b)~~ through ~~(l)~~)
18 if—

19 ~~(I)~~ such individual's application for one of
20 such two benefits had been filed in the month in
21 which it was actually filed or was deemed under
22 subsection ~~(r)~~ of such section 202 to have been
23 filed, and his application for the other such benefit
24 had been filed in a later month, and

25 ~~(II)~~ the amendments made by this section

1 had been in effect at the time each such application
2 was filed; and

3 ~~(ii)~~ determine whether the amounts which were
4 actually received by such individual in the form of such
5 two benefits during the period prior to the month with
6 which the redetermination under this paragraph is to
7 be effective were in excess of the amounts which would
8 have been received during such period if the applications
9 for such benefits had actually been filed at the times
10 fixed under clause ~~(i)-(I)~~ of this subparagraph, and,
11 if so, the total amount by which benefits otherwise pay-
12 able to such individual under such section 202 ~~(and~~
13 ~~section 223)~~ would have to be reduced in order to
14 compensate the Federal Old Age and Survivors Insur-
15 ance Trust Fund ~~(and the Federal Disability Insurance~~
16 ~~Trust Fund)~~ for such excess.

17 ~~(C)~~ The Secretary shall then notify such individual of
18 the amount of each such benefit as computed in accordance
19 with the amendments made by subsections ~~(a)~~ and ~~(b)~~
20 of this section and as redetermined in accordance with
21 subparagraph ~~(B)-(i)~~ of this paragraph, specifying ~~(i)~~ the
22 amount ~~(if any)~~ of the excess determined under subpara-
23 graph ~~(B)-(ii)~~ of this paragraph, and ~~(ii)~~ the period during
24 which payment of any increase in such individual's benefits
25 resulting from the application of the amendments made by

1 subsections ~~(a)~~ and ~~(b)~~ of this section would under desig-
 2 nated circumstances have to be withheld in order to effect the
 3 reduction described in subparagraph ~~(B)(ii)~~. Such indi-
 4 vidual may at any time within thirty days after such notifica-
 5 tion is mailed to him refuse ~~(in such manner and form as the~~
 6 Secretary shall by regulations prescribe) to accept the
 7 redetermination under this paragraph.

8 ~~(D)~~ Unless the last sentence of subparagraph ~~(C)~~
 9 applies, a redetermination under this paragraph shall be
 10 effective ~~(but subject to the reduction described in subpara-~~
 11 graph ~~(B)(ii)~~ over the period specified pursuant to clause
 12 ~~(ii)~~ of the first sentence of subparagraph ~~(C)~~ beginning
 13 with the sixth month following the month in which this Act
 14 is enacted, or, if the request for such redetermination is not
 15 filed before the end of such sixth month, with the second
 16 month following the month in which the request for such
 17 redetermination is filed.

18 ~~(E)~~ The Secretary, by withholding amounts from bene-
 19 fits otherwise payable to an individual under title II of the
 20 Social Security Act as specified in clause ~~(ii)~~ of the first sen-
 21 tence of subparagraph ~~(C)~~ ~~(and in no other manner)~~, shall
 22 recover the amounts necessary to compensate the Federal
 23 Old Age and Survivors Insurance Trust Fund ~~(and the Fed-~~
 24 eral Disability Insurance Trust Fund) for the excess ~~(de-~~
 25 scribed in subparagraph ~~(B)(ii)~~ attributable to benefits

1 which were paid such individual and to which a redetermina-
2 tion under this subsection applies.

3 ~~(d)~~ Where—

4 ~~(1)~~ two or more persons are entitled on the basis of
5 the wages and self-employment income of an individual
6 ~~(without the application of sections 202(j)(1) and~~
7 ~~223(b) of the Social Security Act)~~ to monthly benefits
8 under section 202 of such Act for the month preceding
9 the month with which ~~(A)~~ a redetermination under
10 subsection ~~(c)~~ of this section becomes effective with
11 respect to the benefits of any one of them and ~~(B)~~ such
12 benefits are accordingly increased by reason of the
13 amendments made by subsections ~~(a)~~ and ~~(b)~~ of this
14 section; and

15 ~~(2)~~ the total of benefits to which all persons are
16 entitled under such section 202 on the basis of such
17 wages and self-employment income for the month with
18 which such redetermination and increase becomes effec-
19 tive is reduced by reason of section 203(a) of such Act
20 as amended by this Act ~~(or would, but for the penulti-~~
21 ~~mate sentence of such section 203(a), be so reduced);~~
22 then the amount of the benefit to which each of the persons
23 referred to in paragraph ~~(1)~~, other than the person with
24 respect to whose benefits such redetermination and increase
25 is applicable, is entitled for months beginning with the month

1 with which such redetermination and increase becomes effec-
 2 tive shall be adjusted, after the application of such section
 3 203 (a), to an amount no less than the amount it would have
 4 been if such redetermination and increase had not become
 5 effective.

6 LIBERALIZATION OF EARNINGS TEST

7 SEC. 107 105. (a) (1) Paragraphs (1) and (4) (B) of
 8 section 203 (f) of the Social Security Act are each amended
 9 by striking out "\$140" and inserting in lieu thereof
 10 "\$166.66 $\frac{2}{3}$ or the exempt amount as determined under para-
 11 graph (8)".

12 (2) Paragraph (1) (A) of section 203 (h) of such Act
 13 is amended by striking out "\$140" and inserting in lieu
 14 thereof "\$166.66 $\frac{2}{3}$ or the exempt amount as determined
 15 under subsection (f) (8)".

16 (3) Paragraph (3) of section 203 (f) of such Act is
 17 amended to read as follows:

18 "(3) For purposes of paragraph (1) and sub-
 19 section (h), an individual's excess earnings for a tax-
 20 able year shall be 50 per centum of his earnings for
 21 such year in excess of the product of \$166.66 $\frac{2}{3}$ or the
 22 exempt amount as determined under paragraph (8)
 23 multiplied by the number of months in such year.
 24 The excess earnings as derived under the preceding sen-

1 tence, if not a multiple of \$1, shall be reduced to the next
2 lower multiple of \$1.”

3 ~~(b)~~ Section 203(f) of such Act is further amended by
4 adding at the end thereof the following new paragraph:

5 “~~(8)~~ ~~(A)~~ On or before November 1 of 1972 and of
6 each even-numbered year thereafter, the Secretary shall
7 determine and publish in the Federal Register the
8 exempt amount as defined in subparagraph ~~(B)~~ for each
9 month in any individual's first two taxable years which
10 end with the close of or after the calendar year following
11 the year in which such determination is made.

12 “~~(B)~~ The exempt amount for each month of a
13 particular taxable year shall be whichever of the fol-
14 lowing is the larger:

15 “~~(i)~~ the product of $\$166.66\frac{2}{3}$ and the ratio
16 of ~~(I)~~ the average taxable wages of all persons for
17 whom taxable wages were reported to the Secre-
18 tary for the first calendar quarter of the calendar
19 year in which a determination under subparagraph
20 ~~(A)~~ is made for each such month of such particu-
21 lar taxable year to ~~(II)~~ the average of the taxable
22 wages of all persons for whom wages were reported
23 to the Secretary for the first calendar quarter of
24 1971, with such product, if not a multiple of \$10,

1 being rounded to the next higher multiple of \$10
 2 where such product is an odd multiple of \$5 and to
 3 the nearest multiple of \$10 in any other case, or
 4 “(ii) the exempt amount for each month in the
 5 taxable year preceding such particular taxable year;
 6 except that the provisions in clause (i) shall not apply
 7 with respect to any taxable year unless the contribution
 8 and earnings base for such year is determined under
 9 section 230(b)(1).”

10 ~~(e)~~(b) The amendments made by this section shall
 11 apply with respect to taxable years ending after December
 12 1970.

13 EXCLUSION OF CERTAIN EARNINGS IN YEAR OF
 14 ATTAINING AGE 72

15 SEC. ~~408~~ 106. (a) The first sentence of section 203 (f)
 16 (3) of the Social Security Act is *as amended by section 105*
 17 *(a)(3) of this Act is amended by inserting “(A)” after “ex-*
 18 *cept that”, and by inserting before the period at the end*
 19 *thereof the following: “, and (B) except that, in determin-*
 20 *ing an individual’s excess earnings for the taxable year in*
 21 *which he attains age 72, there shall be excluded any earnings*
 22 *of such individual for the month in which he attains such*
 23 *age and any subsequent month (with any net earnings*
 24 *or net loss from self-employment in such year being prorated*
 25 *in an equitable manner under regulations of the Secretary) ”.*

1 (b) The amendment made by subsection (a) shall
 2 apply with respect to taxable years ending after December
 3 1970.

4 REDUCED BENEFITS FOR WIDOWERS AT AGE 60

5 SEC. ~~109~~ 107. (a) Section 202 (f) of the Social Security
 6 Act (as amended by section ~~104~~ 103 (b) (2) of this Act) is
 7 further amended—

8 (1) by striking out “age 62” each place it appears
 9 *in paragraphs (1), (5), and (6)* and inserting in lieu
 10 thereof “age 60”; and

11 (2) by striking out “or the third month” in the
 12 matter following subparagraph (G) in paragraph (1)
 13 and inserting in lieu thereof “or, if he became entitled
 14 to such benefits before he attained age 60, the third
 15 month”.

16 (b) (1) The last sentence of section 203 (c) of such
 17 Act (as amended by section ~~104~~ 103 (c) (1) of this Act) is
 18 further amended by striking out “age 62” and inserting in
 19 lieu thereof “age 60”.

20 (2) Clause (D) of section 203 (f) (1) of such Act (as
 21 amended by section ~~104~~ 103 (c) (2) of this Act) is further
 22 amended by striking out “age 62” and inserting in lieu there-
 23 of “age 60”.

24 (3) Section 222 (b) (1) of such Act is amended by

1 striking out "a widow or surviving divorced wife who has
2 not attained age 60, a widower who has not attained age
3 62" and inserting in lieu thereof "a widow, widower or
4 surviving divorced wife who has not attained age 60".

5 (4) Section 222 (d) (1) (D) of such Act is amended
6 by striking out "age 62" each place it appears and inserting
7 in lieu thereof "age 60" amended—

8 (A) by striking out "age 62" the first place it
9 appears and inserting in lieu thereof "age 60", and

10 (B) by striking out "wives who have not attained
11 age 60 and are under a disability, the benefits under
12 section 202(f) of widowers who have not attained age
13 62," and inserting in lieu thereof "wives and the bene-
14 fits under section 202(f) for widowers who have not
15 attained age 65 and are under a disability,".

16 (5) Section 225 of such Act is amended by striking
17 out "age 62" and inserting in lieu thereof "age 60".

18 (c) The amendments made by this section shall apply
19 with respect to monthly benefits under title II of the Social
20 Security Act for months after December 1970, except that
21 in the case of an individual who was not entitled to a monthly
22 benefit under title II of such Act for December 1970 such
23 amendments shall apply only on the basis of an application
24 filed in or after the month in which this Act is enacted.

1 ENTITLEMENT TO CHILD'S INSURANCE BENEFITS BASED
2 ON DISABILITY WHICH BEGAN BETWEEN AGE 18 AND 22

3 SEC. 110 108. (a) Clause (ii) of section 202 (d) (1)
4 (B) of the Social Security Act is amended by striking out
5 "which began before he attained the age of eighteen" and in-
6 serting in lieu thereof "which began before he attained the
7 age of 22".

8 (b) Subparagraphs (F) and (G) of section 202 (d)
9 (1) of such Act are amended to read as follows:

10 " (F) if such child was not under a disability (as
11 so defined) at the time he attained the age of 18, the
12 earlier of—

13 " (i) the first month during no part of which
14 he is a full-time student, or

15 " (ii) the month in which he attains the age of
16 22,

17 but only if he was not under a disability (as so defined)
18 in such earlier month; or

19 " (G) if such child was under a disability (as so
20 defined) at the time he attained the age of 18, or if he
21 was not under a disability (as so defined) at such time
22 but was under a disability (as so defined) at or prior to
23 the time he attained (or would attain) the age of 22,
24 the third month following the month in which he ceases

1 to be under such disability or (if later) the earlier of—

2 “(i) the first month during no part of which
3 he is a full-time student, or

4 “(ii) the month in which he attains the age
5 of 22,

6 but only if he was not under a disability (as so defined)
7 in such earlier month.”

8 (c) Section 202 (d) (1) of such Act is further amended
9 by adding at the end thereof the following new sentence:
10 “No payment under this paragraph may be made to a child
11 who would not meet the definition of disability in section
12 223 (d) except for paragraph (1) (B) thereof for any month
13 in which he engages in substantial gainful activity.”

14 (d) Section 202 (d) (6) of such Act is amended by
15 striking out “in which he is a full-time student and has not
16 attained the age of 22” and all that follows and inserting in
17 lieu thereof “in which he—

18 “~~(A)(i)~~ is a full-time student or ~~(ii)~~ is under a
19 disability ~~(as defined in section 223(d))~~, and

20 “~~(B)~~ had not attained the age of 22, but only if he
21 has filed application for such reentitlement.

22 “(A)(i) is a full-time student or is under a dis-
23 ability (as defined in section 223(d)), and (ii) had not
24 attained the age of 22, or

25 “(B) is under a disability which began before the

1 *close of the 84th month following the month in which his*
 2 *most recent entitlement to child's insurance benefits ter-*
 3 *minated because his disability ceased;*
 4 *but only if he has filed application for such reentitlement.*
 5 Such reentitlement shall end with the month preceding
 6 whichever of the following first occurs:

7 “(C) the first month in which an event specified in
 8 paragraph (1) (D) occurs;

9 “(D) the earlier of (i) the first month during no
 10 part of which he is a full-time student or (ii) the month
 11 in which he attains the age of 22, but only if he is not
 12 under a disability (as so defined) in such earlier month;
 13 or

14 “(E) if he was under a disability (as so defined),
 15 the third month following the month in which he ceases
 16 to be under such disability or (if later) the earlier of—

17 “(i) the first month during no part of which
 18 he is a full-time student, or

19 “(ii) the month in which he attains the age
 20 of 22.”

21 (e) Section 202 (s) of such Act is amended—

22 (1) by striking out “which began before he at-
 23 tained such age” in paragraph (1); and

24 (2) by striking out “which began before such

1 child attained the age of 18" in paragraphs (2) and
2 (3).

3 (f) Where—

4 (1) one or more persons are entitled (without
5 the application of sections 202 (j) (1) and 223 (b) of
6 the Social Security Act) to monthly benefits under
7 section 202 or 223 of such Act for December 1970 on the
8 basis of the wages and self-employment income of an
9 individual, and

10 (2) one or more persons (not included in para-
11 graph (1)) are entitled to monthly benefits under
12 such section 202 or 223 for January 1971 solely by
13 reason of the amendments made by this section on the
14 basis of such wages and self-employment income, and

15 (3) the total of benefits to which all persons are
16 entitled under such section 202 or 223 on the basis of
17 such wages and self-employment income for January
18 1971 is reduced by reason of section 203 (a) of such
19 Act as amended by this Act (or would, but for the
20 penultimate sentence of such section 203 (a), be so
21 reduced),

22 then the amount of the benefit to which each person referred
23 to in paragraph (1) of this subsection is entitled for months
24 after December 1970 shall be adjusted, after the applica-
25 tion of such section 203 (a), to an amount no less than the

1 amount it would have been if the person or persons referred
 2 to in paragraph (2) were not entitled to a benefit referred
 3 to in such paragraph (2).

4 (g) The amendments made by this section shall apply
 5 only with respect to monthly benefits under section 202
 6 of the Social Security Act for months after December 1970,
 7 except that in the case of an individual who was not en-
 8 titled to a monthly benefit under such section 202 for
 9 December 1970 such amendments shall apply only on the
 10 basis of an application filed after September 30, 1970.

11 ~~ELIMINATION OF SUPPORT REQUIREMENT AS CONDITION~~
 12 ~~OF BENEFITS FOR DIVORCED AND SURVIVING DIVORCED~~
 13 ~~WIVES~~

14 ~~SEC. 111. (a) Section 202(b)(1) of the Social Security~~
 15 ~~Act is amended—~~

16 ~~(1) by adding “and” at the end of subparagraph~~

17 ~~(C),~~

18 ~~(2) by striking out subparagraph (D), and~~

19 ~~(3) by redesignating subparagraphs (E) through~~

20 ~~(L) as subparagraphs (D) through (K), respectively.~~

21 ~~(b)(1) Section 202(c)(1) of such Act is amended—~~

22 ~~(A) by adding “and” at the end of subparagraph~~

23 ~~(C),~~

24 ~~(B) by striking out subparagraph (D), and~~

25 ~~(C) by redesignating subparagraphs (E) through~~

1 ~~(G)~~ as subparagraphs ~~(D)~~ through ~~(F)~~, respectively.

2 ~~(2)~~ Section 202(c)(6) of such Act is amended by
3 striking out “paragraph ~~(1)(G)~~” and inserting in lieu
4 thereof “paragraph ~~(1)(F)~~”.

5 ~~(e)~~ Section 202(g)(1)(F) of such Act is amended by
6 striking out clause ~~(i)~~, and by redesignating clauses ~~(ii)~~
7 and ~~(iii)~~ as clauses ~~(i)~~ and ~~(ii)~~, respectively.

8 ~~(d)~~ The amendments made by this section shall apply
9 only with respect to benefits payable under title II of the
10 Social Security Act for months after December 1970 on the
11 basis of applications filed on or after the date of the enactment
12 of this Act.

13 ~~ELIMINATION OF DISABILITY INSURED-STATUS REQUIRE-~~
14 ~~MENT OF SUBSTANTIAL RECENT COVERED WORK IN~~
15 ~~CASES OF INDIVIDUALS WHO ARE BLIND~~

16 ~~SEC. 112.~~ ~~(a)~~ The first sentence of section 216(i)(3)
17 of the Social Security Act is amended by inserting before
18 the period at the end thereof the following: “, and except
19 that the provisions of subparagraph ~~(B)~~ of this paragraph
20 shall not apply in the case of an individual who is blind
21 ~~(within the meaning of ‘blindness’ as defined in paragraph~~
22 ~~(1))’”.~~

23 ~~(b)~~ Section 223(c)(1) of such Act is amended by
24 striking out “coverage.” in subparagraph ~~(B)(ii)~~ and in-
25 serting in lieu thereof “coverage;”, and by striking out “For
26 purposes” and inserting in lieu thereof the following:

“except that the provisions of subparagraph ~~(B)~~ of this paragraph shall not apply in the case of an individual who is blind ~~(within the meaning of ‘blindness’ as defined in section 216(i)(1))~~. For purposes”.

~~(c)~~ The amendments made by this section shall be effective with respect to applications for disability insurance benefits under section 223 of the Social Security Act, and for disability determinations under section 216(i) of such Act, filed—

~~(1)~~ in or after the month in which this Act is enacted, or

~~(2)~~ before the month in which this Act is enacted if the applicant has not died before such month and if—

~~(A)~~ notice of the final decision of the Secretary of Health, Education, and Welfare has not been given to the applicant before such month; or

~~(B)~~ the notice referred to in subparagraph ~~(A)~~ has been so given before such month but a civil action with respect to such final decision is commenced under section 205(g) of the Social Security Act (whether before, in, or after such month) and the decision in such civil action has not become final before such month;

except that no monthly benefits under title II of the Social Security Act shall be payable or increased by reason of the

1 amendments made by this section for months before Jan-
 2 uary 1971.

3 *DISABILITY BENEFITS FOR THE BLIND*

4 *SEC. 109. (a) The first sentence of section 222(b)(1)*
 5 *of the Social Security Act (as amended by section 107 of*
 6 *this Act) is further amended by inserting "(other than such*
 7 *an individual whose disability is blindness, as defined in sec-*
 8 *tion 216(i)(1)(B))" after "an individual entitled to dis-*
 9 *ability insurance benefits".*

10 *(b) Section 223(a)(1) of such Act is amended—*

11 *(1) by amending subparagraph (B) to read as*
 12 *follows:*

13 *"(B) in the case of any individual other than an*
 14 *individual whose disability is blindness (as defined*
 15 *in section 216(i)(1)(B)), has not attained the*
 16 *age of 65,";*

17 *(2) by striking out "the month in which he attains*
 18 *age 65" and inserting in lieu thereof "in the case of any*
 19 *individual other than an individual whose disability is*
 20 *blindness (as defined in section 216(i)(1)(B)), the*
 21 *month in which he attains age 65"; and*

22 *(3) by striking out the last sentence thereof.*

23 *(c) That part of section 223(a)(2) of such Act (as*
 24 *amended by section 104(c)(1) of this Act) which precedes*
 25 *subparagraph (A) thereof is further amended by inserting*

1 immediately after "age 62" the following: ", and, in the case
 2 of any individual whose disability is blindness (as defined in
 3 section 216(i)(1)(B)), as though he were a fully insured
 4 individual,".

5 (d) Section 223(c)(1) of such Act is amended—

6 (1) by inserting "(other than an individual whose
 7 disability is blindness, as defined in section 216(i)(1)
 8 (B))," after "An individual"; and

9 (2) by adding at the end thereof (after the sentence
 10 following subparagraph (B)) the following new sen-
 11 tence: "An individual whose disability is blindness (as
 12 defined in section 216(i)(1)(B)) shall be insured for
 13 disability insurance benefits in any month if he had not
 14 less than six quarters of coverage before the quarter in
 15 which such month occurs."

16 (e) Section 223(d)(1)(B) of such Act is amended to
 17 read as follows:

18 "(B) blindness (as defined in section 216(i)
 19 (1)(B))."

20 (f) The second sentence of section 223(d)(4) of such Act
 21 is amended by inserting "(other than an individual whose
 22 disability is blindness, as defined in section 216(i)(1)(B))"
 23 immediately after "individual".

24 (g) The amendments made by this section shall be effec-
 25 tive with respect to individuals entitled to disability insurance

1 *benefits under section 223 of the Social Security Act for the*
 2 *month of January 1971, and with respect to applications for*
 3 *disability insurance benefits under section 223 of such Act*
 4 *filed—*

5 *(1) in or after the month in which this Act is en-*
 6 *acted, or*

7 *(2) before the month in which this Act is enacted*
 8 *if—*

9 *(A) notice of the final decision of the Secre-*
 10 *tary of Health, Education, and Welfare has not*
 11 *been given to the applicant before such month; or*

12 *(B) the notice referred to in subparagraph (A)*
 13 *has been so given before such month but a civil action*
 14 *with respect to such final decision is commenced*
 15 *under section 205(g) of the Social Security Act*
 16 *(whether before, in, or after such month) and the*
 17 *decision in such civil action has not become final*
 18 *before such month;*

19 *except that no monthly benefits under title II of the Social*
 20 *Security Act shall be payable or increased by reason of the*
 21 *amendments made by this section for months before January*
 22 *1971.*

23 **WAGE CREDITS FOR MEMBERS OF THE UNIFORMED**
 24 **SERVICES**

25 **SEC. ~~113~~ 110.** (a) Subsection 229 (a) of the Social Se-
 26 **curity Act is amended—**

(1) by striking out "after December 1967" and inserting in lieu thereof "after December 1970"; and

(2) by striking out "after 1967" and inserting in lieu thereof ~~"after 1956"~~ "after 1956"; and

(3) by striking out all which follows "(in addition to the wages actually paid to him for such service)" and inserting in lieu thereof "of \$300."

(b) The amendments made by subsection (a) shall apply with respect to monthly benefits under title II of the Social Security Act for months after December 1970 and with respect to lump-sum death payments under such title in the case of deaths occurring after December 1970, except that, in the case of any individual who is entitled, on the basis of the wages and self-employment income of any individual to whom section 229 of such Act applies, to monthly benefits under title II of such Act for December 1970, such amendments shall apply (1) only if an application for re-computation by reason of such amendments is filed by such individual, or any other individual, entitled to benefits under such title II on the basis of such wages and self-employment income, and (2) only with respect to such benefits for months beginning with whichever of the following is later: January 1971 or the twelfth month before the month in which such application was filed. Recomputations of benefits as required to carry out the provisions of this paragraph shall be

1 made notwithstanding the provisions of section 215 (f) (1)
2 of the Social Security Act, and no such recomputation shall
3 be regarded as a recomputation for purposes of section 215
4 (f) of such Act.

5 APPLICATIONS FOR DISABILITY INSURANCE BENEFITS FILED
6 AFTER DEATH OF INSURED INDIVIDUAL

7 SEC. ~~114~~ 111. (a) (1) Section 223 (a) (1) of the Social
8 Security Act is amended by adding at the end thereof the
9 following new sentence: "In the case of a deceased individual,
10 the requirement of subparagraph (C) may be satisfied by an
11 application for benefits filed with respect to such individual
12 within 3 months after the month in which he died."

13 (2) Section 223 (a) (2) of such Act is amended by
14 striking out "he filed his application for disability insurance
15 benefits and was" and inserting in lieu thereof "the applica-
16 tion for disability insurance benefits was filed and he was".

17 (3) The third sentence of section 223 (b) of such Act
18 is amended by striking out "if he files such application" and
19 inserting in lieu thereof "if such application is filed".

20 (4) Section 223 (c) (2) (A) of such Act is amended by
21 striking out "who files such application" and inserting in
22 lieu thereof "with respect to whom such application is filed".

23 (b) Section 216 (i) (2) (B) of such Act is amended
24 by adding at the end thereof the following new sentence:
25 "In the case of a deceased individual, the requirement of an

1 application under the preceding sentence may be satisfied
 2 by an application for a disability determination filed with re-
 3 spect to such individual within 3 months after the month in
 4 which he died.”

5 (c) The amendments made by this section shall apply
 6 in the case of deaths occurring in and after the year in which
 7 this Act is enacted. For purposes of such amendments (and
 8 for purposes of sections 202 (j) (1) and 223 (b) of the Social
 9 Security Act), any application with respect to an individual
 10 whose death occurred in such year but before the date of the
 11 enactment of this Act which is filed within 3 months after
 12 the date of the enactment of this Act shall be deemed to have
 13 been filed in the month in which such death occurred).

14 WORKMEN'S COMPENSATION OFFSET FOR DISABILITY

15 INSURANCE BENEFICIARIES

16 SEC. 115. ~~(a)~~ Section 224(a)(5) of the Social Secu-
 17 rity Act is amended by striking out “80 per centum of”.

18 ~~(b)~~ The amendment made by subsection ~~(a)~~ shall
 19 apply with respect to monthly benefits under title II of the
 20 Social Security Act for months after December 1970.

21 COVERAGE OF FEDERAL HOME LOAN BANK EMPLOYEES

22 SEC. 116. The provisions of section 210(a)(6)(B)(ii)
 23 of the Social Security Act and section 3121(b)(6)(B)(ii)
 24 of the Internal Revenue Code of 1954, insofar as they relate

1 to service performed in the employ of a Federal Home Loan
2 Bank, shall be effective—

3 ~~(1)~~ with respect to all service performed in the
4 employ of a Federal Home Loan Bank after December
5 1970; and

6 ~~(2)~~ in the case of individuals who are in the employ
7 of a Federal Home Loan Bank on January 1, 1971, with
8 respect to any service performed in the employ of a
9 Federal Home Loan Bank after December 1965; but this
10 paragraph shall be effective only if an amount equal to
11 the taxes imposed by sections 3101 and 3111 of such
12 Code with respect to the services of all such individuals
13 performed in the employ of Federal Home Loan Banks
14 after December 1965 are paid under the provisions of
15 section 3122 of such Code by July 1, 1971, or by such
16 later date as may be provided in an agreement entered
17 into before such date with the Secretary of the Treasury
18 or his delegate for purposes of this paragraph.

19 ~~(b)~~ Subparagraphs ~~(A)~~-(i) and ~~(B)~~ of section 104
20 ~~(i)~~-(2) of the Social Security Amendments of 1956 are
21 repealed.

22 POLICEMEN AND FIREMEN IN IDAHO AND
23 *POLICEMEN IN MISSOURI*

24 SEC. 117. 112. (a) Section 218 (p) (1) of the Social
25 Security Act is amended by inserting "Idaho," after
26 "Hawaii,".

(b) Such section 218(p)(1) is further amended by—

(1) inserting “Missouri,” after “Maryland,”; and

(2) adding at the end thereof the following new sentence: “Notwithstanding the first sentence of this paragraph, nothing in this paragraph shall be construed to authorize the State of Missouri to modify the agreement entered into by it pursuant to this section so as to apply such agreement to service performed by any employee in a fireman’s position.”

COVERAGE OF CERTAIN HOSPITAL EMPLOYEES IN NEW

MEXICO

SEC. 113. Notwithstanding any provisions of section 218 of the Social Security Act, the agreement with the State of New Mexico heretofore entered into pursuant to such section may at the option of such State be modified at any time prior to January 1, ~~1971~~, 1972, so as to apply to the services of employees of a hospital which is an integral part of a political subdivision to which an agreement under this section has not been made applicable, as a separate coverage group within the meaning of section 218(b)(5) of such Act, but only if such hospital has prior to 1966 withdrawn from a retirement system which had been applicable to the employees of such hospital.

1 PENALTY FOR FURNISHING FALSE INFORMATION TO OBTAIN

2 SOCIAL SECURITY ACCOUNT NUMBER

3 SEC. ~~119~~ 114. (a) Section 208 of the Social Security
4 Act is amended by adding “or” after the semicolon at the
5 end of subsection (e), and by inserting after subsection (e)
6 the following new subsection:

7 “(f) willfully, knowingly, and with intent to deceive
8 the Secretary as to his true identity (or the true identity of
9 any other person) furnishes or causes to be furnished false
10 information to the Secretary with respect to any information
11 required by the Secretary in connection with the establish-
12 ment and maintenance of the records provided for in section
13 205 (c) (2) ;”.

14 (b) The amendments made by subsection (a) shall
15 apply with respect to information furnished to the Secretary
16 after the date of the enactment of this Act.

17 GUARANTEE OF NO DECREASE IN TOTAL FAMILY BENEFITS

18 SEC. ~~120~~ 115. (a) Section 203 (a) of the Social Security
19 Act (as amended by sections 101 (b) and ~~103 (b)~~ 131 (a)
20 of this Act) is amended by striking out the period at the end
21 of paragraph (4) and inserting in lieu thereof “; or”, and by
22 inserting after paragraph (4) the following new paragraph:

23 “(5) notwithstanding any other provision of law,
24 when—

25 “(A) two or more persons are entitled to

1 monthly benefits for a particular month on the basis
2 of the wages and self-employment income of an
3 insured individual and (for such particular month)
4 the provisions of this subsection and section 202 (q)
5 are applicable to such monthly benefits, and

6 “(B) such individual’s primary insurance
7 amount is increased for the following month under
8 any provision of this title,

9 then the total of monthly benefits for all persons on the
10 basis of such wages and self-employment income for
11 such particular month, as determined under the provi-
12 sions of this subsection, shall for purposes of determin-
13 ing the total of monthly benefits for all persons on the
14 basis of such wages and self-employment income for
15 months subsequent to such particular month be con-
16 sidered to have been increased by the smallest amount
17 that would have been required in order to assure that
18 the total of monthly benefits payable on the basis of such
19 wages and self-employment income for any such subse-
20 quent month will not be less (after application of the
21 other provisions of this subsection and section 202 (q))
22 than the total of monthly benefits (after the application
23 of the other provisions of this subsection and section 202
24 (q)) payable on the basis of such wages and self-em-
25 ployment income for such particular month.”

1 (b) In any case in which the provisions of section
 2 1002 (b) (2) of the Social Security Amendments of 1969
 3 apply, the total of monthly benefits as determined under sec-
 4 tion 203 (a) of the Social Security Act shall, for months
 5 after 1970, be increased to the amount that would be
 6 required in order to assure that the total of such monthly
 7 benefits (after the application of section 202 (q) of such
 8 Act) will not be less than the total of monthly benefits
 9 that was applicable (after the application of such sections
 10 203 (a) and 202 (q)) for the first month for which the
 11 provisions of such section 1002 (b) (2) applied.

12 CERTAIN ADOPTIONS BY DISABILITY AND OLD-AGE

13 INSURANCE BENEFICIARIES

14 ~~SEC. 121. (a) Clause (i) of section 202(d)(8)(E)~~
 15 ~~of the Social Security Act is amended—~~

16 ~~(1) by inserting “(I)” after “(i)”;~~

17 ~~(2) by adding “or” after “child placement~~
 18 ~~agency,” and~~

19 ~~(3) by adding at the end thereof (after and below~~
 20 ~~clause (i)-(I) as designated by paragraph (1) of this~~
 21 ~~subsection) the following:~~

22 ~~“(II) in an adoption which took place after~~
 23 ~~an investigation of the circumstances surrounding~~
 24 ~~the adoption by a court of competent jurisdiction~~

1 within the United States, or by a person appointed
2 by such a court, if the child was related (by blood,
3 adoption, or steprelationship) to such individual or
4 to such individual's wife or husband as a descendant
5 or as a brother or sister or a descendant of a brother
6 or sister, such individual had furnished one-half of
7 the child's support for at least five years immedi-
8 ately before such individual became entitled to such
9 disability insurance benefits, the child had been liv-
10 ing with such individual for at least five years before
11 such individual became entitled to such disability
12 insurance benefits, and the continuous period during
13 which the child was living with such individual be-
14 gan before the child attained age 18,".

15 (b) The amendments made by subsection (a) shall
16 apply with respect to monthly benefits payable under title II
17 of the Social Security Act for months after December 1967
18 on the basis of an application filed in or after the month in
19 which this Act is enacted; except that such amendments
20 shall not apply with respect to benefits for any month before
21 the month in which this Act is enacted unless such applica-
22 tion is filed before the close of the twelfth month after the
23 month in which this Act is enacted.

1 *ADOPTION BY DISABILITY AND OLD-AGE INSURANCE*2 *BENEFICIARIES*

3 *SEC. 116. (a) Section 202(d) of the Social Security*
 4 *Act is amended by striking paragraphs (8) and (9) and in-*
 5 *serting in lieu thereof the following new paragraph:*

6 *“(8) In the case of—*

7 *“(A) an individual entitled to old-age insurance*
 8 *benefits (other than an individual referred to in sub-*
 9 *paragraph (B)),*

10 *“(B) an individual entitled to disability insur-*
 11 *ance benefits, or an individual entitled to old-age*
 12 *insurance benefits who was entitled to disability in-*
 13 *surance benefits for the month preceding the first*
 14 *month for which he was entitled to old-age insurance*
 15 *benefits,*

16 *a child of such individual adopted after such individual*
 17 *became entitled to such old-age or disability insurance*
 18 *benefits shall be deemed not to meet the requirements*
 19 *of clause (i) or (iii) of paragraph (1)(C) unless such*
 20 *child—*

21 *“(C) is the natural child or stepchild of such*
 22 *individual (including such a child who was legally*
 23 *adopted by such individual), or*

24 *“(D) (i) was legally adopted by such individ-*

1 *ual in an adoption decreed by a court of competent*
2 *jurisdiction within the United States;*

3 *“(ii) was living with such individual in the*
4 *United States and receiving at least one-half of his*
5 *support from such individual (I) if he is an individ-*
6 *ual referred to in subparagraph (A), for the year*
7 *immediately before the month in which such individ-*
8 *ual became entitled to old-age insurance benefits or,*
9 *if such individual had a period of disability which*
10 *continued until he had become entitled to old-age*
11 *insurance benefits, the month in which such period*
12 *of disability began, or (II) if he is an individual*
13 *referred to in subparagraph (B), for the year*
14 *immediately before the month in which began the*
15 *period of disability of such individual which still*
16 *exists at the time of adoption (or, if such child was*
17 *adopted by such individual after such individual at-*
18 *tained age 65, the period of disability of such in-*
19 *dividual which existed in the month preceding the*
20 *month in which he attained age 65), or the month*
21 *in which such individual became entitled to dis-*
22 *ability insurance benefits, and*

23 *“(iii) had not attained the age of 18 before he*
24 *began living with such individual.*

1 *In the case of a child who was born in the one-year*
2 *period during which such child must have been living*
3 *with and receiving one-half of his support from such in-*
4 *dividual, such child shall be deemed to meet such re-*
5 *quirements for such period if, as of the close of such*
6 *period, such child has lived with such individual in the*
7 *United States and received at least one-half of his sup-*
8 *port from such individual for substantially all of the*
9 *period which begins on the date of birth of such child."*

10 (b) The amendments made by subsection (a) shall
11 apply with respect to monthly benefits payable under title
12 II of the Social Security Act for months after December
13 1970, but only on the basis of applications filed after the
14 date of enactment of this Act.

15 INCREASE OF EARNINGS COUNTED FOR BENEFIT AND
16 TAX PURPOSES

17 SEC. ~~122~~ 117. (a) (1) (A) Section 209 (a) (5) of the
18 Social Security Act is amended by inserting “and prior to
19 1971” after “1967”.

(B) Section 209 (a) of such Act is further amended by adding at the end thereof the following new paragraphs:

22 “(6) That part of remuneration which, after remunera-
23 tion (other than remuneration referred to in the succeeding
24 subsections of this section) equal to \$9,000 with respect to
25 employment has been paid to an individual during any calen-

1 dar year after 1970 and prior to 1973, is paid to such indi-
2 vidual during any such calendar year;

3 “(7) That part of remuneration which, after remunera-
4 tion (other than remuneration referred to in the succeeding
5 subsections of this section) equal to the contribution and
6 benefit base (determined under section 230) with respect
7 to employment has been paid to an individual during any
8 calendar year after 1972 with respect to which such contri-
9 bution and benefit base is effective, is paid to such individual
10 during such calendar year;”.

11 (2) (A) Section 211 (b) (1) (E) of such Act is
12 amended by inserting “and beginning prior to 1971” after
13 “1967”, and by striking out “; or” and inserting in lieu
14 thereof “; and ”.

15 (B) Section 211 (b) (1) of such Act is further amended
16 by adding at the end thereof the following new subpara-
17 graphs:

18 “(F) For any taxable year beginning after
19 1970 and prior to 1973, (i) \$9,000, minus (ii) the
20 amount of the wages paid to such individual during
21 the taxable year; and

22 “(G) For any taxable year beginning in any
23 calendar year after 1972, (i) an amount equal to
24 the contribution and benefit base (as determined
25 under section 230) which is effective for such cal-

1 endar year, minus (ii) the amount of the wages
2 paid to such individual during such taxable year;
3 or”.

4 (3) (A) Section 213 (a) (2) (ii) of such Act is
5 amended by striking out “after 1967” and inserting in lieu
6 thereof “after 1967 and before 1971, or \$9,000 in the case
7 of a calendar year after 1970 and before 1973, or an amount
8 equal to the contribution and benefit base (as determined
9 under section 230) in the case of any calendar year after
10 1972 with respect to which such contribution and benefit
11 base is effective”.

12 (B) Section 213 (a) (2) (iii) of such Act is amended
13 by striking out “after 1967” and inserting in lieu thereof
14 “after 1967 and beginning before 1971, or \$9,000 in the
15 case of a taxable year beginning after 1970 and before 1973,
16 or in the case of any taxable year beginning in any calendar
17 year after 1972, an amount equal to the contribution and
18 benefit base (as determined under section 230) which
19 is effective for such calendar year”.

20 (4) Section 215 (e) (1) of such Act is amended by
21 striking out “and the excess over \$7,800 in the case of any
22 calendar year after 1967” and inserting in lieu thereof “the
23 excess over \$7,800 in the case of any calendar year after
24 1967 and before 1971, the excess over \$9,000 in the case
25 of any calendar year after 1970 and before 1973, and the

1 excess over an amount equal to the contribution and bene-
2 fit base (as determined under section 230) in the case of
3 any calendar year after 1972 with respect to which such
4 contribution and benefit base is effective”.

5 (b) (1) (A) Section 1402 (b) (1) (E) of the Internal
6 Revenue Code of 1954 (relating to definition of self-em-
7 ployment income) is amended by inserting “and beginning
8 before 1971” after “1967”, and by striking out “; or” and
9 inserting in lieu thereof “; and”.

10 (B) Section 1402 (b) (1) of such Code is further
11 amended by adding at the end thereof the following new
12 subparagraphs:

13 “(F) for any taxable year beginning after 1970
14 and before 1973, (i) \$9,000, minus (ii) the amount
15 of the wages paid to such individual during the tax-
16 able year; and

17 “(G) for any taxable year beginning in any
18 calendar year after 1972, (i) an amount equal to
19 the contribution and benefit base (as determined
20 under section 230 of the Social Security Act) which
21 is effective for such calendar year, minus (ii) the
22 amount of the wages paid to such individual during
23 such taxable year; or”.

24 (2) (A) Section 3121 (a) (1) of such Code (relating

1 to definition of wages) is amended by striking out “\$7,800”
2 each place it appears and inserting in lieu thereof “\$9,000”.

3 (B) Effective with respect to remuneration paid after
4 1972, section 3121 (a) (1) of such Code is amended (1) by
5 striking out “\$9,000” each place it appears and inserting in
6 lieu thereof “the contribution and benefit base (as deter-
7 mined under section 230 of the Social Security Act)”, and
8 (2) by striking out “by an employer during any calendar
9 year”, and inserting in lieu thereof “by an employer during
10 the calendar year with respect to which such contribution
11 and benefit base is effective”.

12 (3) (A) The second sentence of section 3122 of such
13 Code (relating to Federal service) is amended by striking
14 out “\$7,800” and inserting in lieu thereof “\$9,000”.

15 (B) Effective with respect to remuneration paid after
16 1972, the second sentence of section 3122 of such Code is
17 amended by striking out “\$9,000” and inserting in lieu
18 thereof “the contribution and benefit base”.

19 (4) (A) Section 3125 of such Code (relating to returns
20 in the case of governmental employees in Guam, American
21 Samoa, and the District of Columbia) is amended by striking
22 out “\$7,800” where it appears in subsections (a), (b), and
23 (c) and inserting in lieu thereof “\$9,000”.

24 (B) Effective with respect to remuneration paid after
25 1972, section 3125 of such Code is amended by striking out

1 “\$9,000” where it appears in subsections (a), (b), and
2 (c) and inserting in lieu thereof “the contribution and bene-
3 fit base”.

4 (5) Section 6413 (c) (1) of such Code (relating to
5 special refunds of employment taxes) is amended—

6 (A) by inserting “and prior to the calendar year
7 1971” after “after the calendar year 1967”;

8 (B) by inserting after “exceed \$7,800” the fol-
9 lowing: “or (E) during any calendar year after the
10 calendar year 1970 and prior to the calendar year 1973,
11 the wages received by him during such year exceed
12 \$9,000, or (F) during any calendar year after 1972,
13 the wages received by him during such year exceed the
14 contribution and benefit base (as determined under sec-
15 tion 230 of the Social Security Act) which is effective
16 with respect to such year,”; and

17 (C) by inserting before the period at the end
18 thereof the following: “and before 1971, or which ex-
19 ceeds the tax with respect to the first \$9,000 of such
20 wages received in such calendar year after 1970 and
21 before 1973, or which exceeds the tax with respect to
22 an amount of such wages received in such calendar year
23 after 1972 equal to the contribution and benefit base
24 (as determined under section 230 of the Social Security
25 Act) which is effective with respect to such year”.

1 (6) Section 6413 (c) (2) (A) of such Code (relating
2 to refunds of employment taxes in the case of Federal em-
3 ployees) is amended by striking out “or \$7,800 for any
4 calendar year after 1967” and inserting in lieu thereof
5 “\$7,800 for the calendar year 1968, 1969, or 1970, or
6 \$9,000 for the calendar year 1971 or 1972, or an amount
7 equal to the contribution and benefit base (as determined
8 under section 230 of the Social Security Act) for any
9 calendar year after 1972 with respect to which such con-
10 tribution and benefit base is effective”.

11 (7) (A) Section 6654 (d) (2) (B) (ii) of such Code
12 (relating to failure by individual to pay estimated income
13 tax) is amended by striking out “\$6,600” and inserting in
14 lieu thereof “\$9,000”.

15 (B) Effective with respect to taxable years beginning
16 after 1972, section 6654 (d) (2) (B) (ii) of such Code is
17 amended by striking out “\$9,000” and inserting in lieu
18 thereof “the contribution and benefit base (as determined
19 under section 230 of the Social Security Act)”.

20 (c) The amendments made by subsections (a) (1)
21 and (a) (3) (A), and the amendments made by subsec-
22 tion (b) (except paragraphs (1) and (7) thereof), shall
23 apply only with respect to remuneration paid after Decem-
24 ber 1970. The amendments made by subsections (a) (2),
25 (a) (3) (B), (b) (1), and (b) (7) shall apply only with

1 respect to taxable years beginning after 1970. The amend-
 2 ment made by subsection (a) (4) shall apply only with
 3 respect to calendar years after 1970.

4 ~~AUTOMATIC ADJUSTMENT OF THE CONTRIBUTION~~
 5 ~~AND BENEFIT BASE~~

6 SEC. 123. ~~(a)~~ Title II of the Social Security Act is
 7 amended by adding at the end thereof the following new
 8 section:

9 ~~"AUTOMATIC ADJUSTMENT OF THE CONTRIBUTION AND~~
 10 ~~BENEFIT BASE~~

11 ~~"SEC. 230. (a)~~ On or before November 1 of 1972 and
 12 each even-numbered year thereafter, the Secretary shall de-
 13 termine and publish in the Federal Register the contribution
 14 and benefit base ~~(as defined in subsection (b))~~ for the first
 15 two calendar years following the year in which the deter-
 16 mination is made.

17 ~~"(b)~~ The contribution and benefit base for a particular
 18 calendar year shall be whichever of the following is the
 19 larger:

20 ~~"(1)~~ The product of \$9,000 and the ratio of ~~(A)~~
 21 the average taxable wages of all persons for whom tax-
 22 able wages were reported to the Secretary for the first
 23 calendar quarter of the calendar year in which a deter-
 24 mination under subsection ~~(a)~~ is made for such par-
 25 ticular calendar year to ~~(B)~~ the average of the taxable

1 wages of all persons for whom taxable wages were re-
 2 ported to the Secretary for the first calendar quarter of
 3 1971, with such product, if not a multiple of \$600, being
 4 rounded to the next higher multiple of \$600 where such
 5 product is a multiple of \$300 but not of \$600 and to the
 6 nearest multiple of \$600 in any other case; or

7 “(2) The contribution and benefit base for the
 8 calendar year preceeding such particular calendar year.

9 “(c)-(1) When the Secretary determines and publishes
 10 in the Federal Register a contribution and benefit base (as
 11 required by subsection (a)), and

12 “(A) such base is larger than the contribution and
 13 benefit base in effect for the year in which the larger
 14 base is so published, and

15 “(B) a revised table of benefits is not required to
 16 be published in the Federal Register under the provi-
 17 sions of section 215(i)-(2)-(C) which extends such table
 18 for such larger base on or before the effective date of
 19 such base,

20 then the Secretary shall publish a revised table of benefits
 21 (determined under the provisions of paragraph (2)) in the
 22 Federal Register on or before December 1 of the year prior
 23 to the effective year of the new contribution and benefit
 24 base. Such table shall be deemed to be the table appearing
 25 in section 215(a).

1 ~~“(2)~~ The revision of such table shall be determined as
2 follows:

3 ~~“(A)~~ All of the amounts on each line of columns I,
4 II, III, and IV, except the largest amount in column
5 III, of the table in effect before the revision, shall be
6 the same in the revised table; and

7 ~~“(B)~~ The additional amounts for the extension of
8 columns III and IV, and the amounts for purposes of
9 column V, shall be determined in accordance with the
10 provisions of section 215 (i) ~~(2) (C) (v) and (vi)~~.

11 ~~“(3)~~ When a revised table of benefits, prepared under
12 the provisions of paragraph ~~(2)~~, becomes effective, the pro-
13 visions of section 215 ~~(b) (4) and (c)~~ and of section 203
14 ~~(a) (4)~~ shall be disregarded; and the amounts that are added
15 to columns III and IV, or are changed in or added to
16 column V, by such revised table, shall be applicable only in
17 the case of an insured individual—

18 ~~“(A)~~ who becomes entitled, after December of the
19 year immediately preceding the effective year of the
20 increased contribution and benefit base ~~(provided by~~
21 ~~this section)~~, to benefits under section 202 ~~(a)~~ or sec-
22 tion 223;

23 ~~“(B)~~ who dies after December of such preceding
24 year without being entitled to benefits under section
25 202 ~~(a)~~ or section 223; or

1 ~~“(C) whose primary insurance amount is required~~
2 ~~to be recomputed under section 215 (f) (2).”~~

3 ~~(b)-(1)~~ Section 201(c) of the Social Security Act is
4 amended by inserting before the last sentence the following
5 new sentence: "The report shall further include a recom-
6 mendation as to the appropriateness of the tax rates in
7 sections 1401(a), 3101(a), and 3111(a) of the Internal
8 Revenue Code of 1954 which will be in effect for the fol-
9 lowing calendar year, made in the light of the need for the
10 estimated income in relationship to the estimated outgo of
11 the Trust Funds during such year."

12 ~~(2)~~ Section 1817(b) of such Act is amended by insert-
13 ing before the last sentence the following new sentence:
14 ~~"The report shall further include a recommendation as to~~
15 ~~the appropriateness of the tax rates in sections 1401(b),~~
16 ~~3101(b), and 3111(b) of the Internal Revenue Code of~~
17 ~~1954 which will be in effect for the following calendar year~~
18 ~~made in the light of the need for the estimated income in~~
19 ~~relationship to the estimated outgo of the Trust Fund during~~
20 ~~such year."~~

CHANGES IN TAX SCHEDULES

SEC. 1401. (a) (1) Section 1401 (a) of the Internal Revenue Code of 1954 (relating to rate of tax on self-employment income for purposes of old-age, survivors, and disability insurance) is amended by striking out paragraphs

1 ~~(2)~~, ~~(3)~~, (3) and (4) and inserting in lieu thereof the fol-
 2 lowing:

3 “~~(2)~~ (3) in the case of any taxable year beginning
 4 after December 31, ~~1968~~ 1970, and before January 1,
 5 1975, the tax shall be equal to ~~6.4~~ 6.6 percent of the
 6 amount of the self-employment income for such taxable
 7 year; and

8 “~~(3)~~ (4) in the case of any taxable year beginning
 9 after December 31, 1974, the tax shall be equal to 7.0
 10 percent of the amount of the self-employment income
 11 for such taxable ~~year.~~” year.

12 *Such tax with respect to self-employment income for any*
 13 *taxable year shall be increased in accordance with the alloca-*
 14 *tion made by the Secretary of Health, Education, and Welfare*
 15 *under section 230(c) of the Social Security Act.”*

16 (2) Section 3101 (a) of such Code (relating to rate of
 17 tax on employees for purposes of old-age, survivors, and
 18 disability insurance) is amended by striking out paragraphs
 19 ~~(2)~~, ~~(3)~~, (3) and (4) and inserting in lieu thereof the fol-
 20 lowing:

21 “~~(2)~~ (3) with respect to wages received during the
 22 calendar years ~~1969~~, ~~1970~~, 1971, 1972, 1973, and
 23 1974, the rate shall be ~~4.2~~ 4.4 percent;

24 “~~(3)~~ (4) with respect to wages received during the

1 calendar years 1975, 1976, 1977, 1978, and 1979, the
2 rate shall be 5.0 percent; and

3 (5) *with respect to wages received during the calen-*
4 *dar years 1980, 1981, 1982, 1983, 1984, and 1985,*
5 *the rate shall be 5.5 percent; and*

6 “~~(4)~~ (6) with respect to wages received after De-

7 cember 31, ~~1979~~ 1985, the rate shall be ~~5.5~~ 6.1 per-

8 cent.” percent.

9 *Such tax with respect to wages received during any calendar*
10 *year shall be increased in accordance with the allocation*
11 *made by the Secretary of Health, Education, and Welfare*
12 *under section 230(c) of the Social Security Act.”*

13 (3) Section 3111 (a) of such Code (relating to rate of
14 tax on employers for purposes of old-age, survivors, and
15 disability insurance) is amended by striking out paragraphs
16 ~~(2)~~; ~~(3)~~; (3) and (4) and inserting in lieu thereof the
17 following:

18 “~~(2)~~ (3) with respect to wages paid during the cal-

19 endar years ~~1969, 1970~~, 1971, 1972, 1973, and 1974,

20 the rate shall be ~~4.2~~ 4.4 percent;

21 “~~(3)~~ (4) with respect to wages paid during the cal-

22 endar years 1975, 1976, 1977, 1978, and 1979, the

23 rate shall be 5.0 percent; and

24 (5) *with respect to wages paid during the calendar*
25 *years 1980, 1981, 1982, 1983, 1984, and 1985, the*
26 *rate shall be 5.5 percent; and*

1 “(4) (6) with respect to wages paid after December
2 31, ~~1979~~ 1985, the rate shall be ~~5.5~~ 6.1 percent.” per
3 cent.

4 *Such tax with respect to wages received during any calendar*
5 *year shall be increased in accordance with the allocation made*
6 *by the Secretary of Health, Education, and Welfare under*
7 *section 230(c) of the Social Security Act.”*

8 (b) (1) Section 1401(b) of such Code (relating to
9 rate of tax on self-employment income for purposes of hos-
10 pital insurance) is amended by striking out paragraphs (1)
11 through (5) and inserting in lieu thereof the following:

12 “(1) in the case of any taxable year beginning
13 after December 31, 1967, and before January 1, 1971,
14 the tax shall be equal to 0.6 percent of the amount of
15 the self-employment income for such taxable year; and

16 “(2) in the case of any taxable year beginning
17 after December 31, 1970, and before January 1, 1973,
18 the tax shall be equal to ~~1.0~~ 0.8 percent of the amount
19 of the self-employment income for such taxable year.”
20 year;

21 “(3) in the case of any taxable year beginning after
22 December 31, 1972, and before January 1, 1975, the
23 tax shall be equal to 0.9 percent of the amount of the
24 self-employment income for such taxable year;

25 “(4) in the case of any taxable year beginning after

1 *December 31, 1974, and before January 1, 1980, the*
 2 *tax shall be equal to 1.0 percent of the amount of the*
 3 *self-employment income for such taxable year; and*

4 *“(5) in the case of any taxable year beginning after*
 5 *December 31, 1979, the tax shall be equal to 1.1 percent*
 6 *of the amount of the self-employment income for such*
 7 *taxable year.”*

8 (2) Section 3101 (b) of such Code (relating to rate
 9 of tax on employees for purposes of hospital insurance) is
 10 amended by striking out paragraphs (1) through (5) and
 11 inserting in lieu thereof the following:

12 ~~“(1) with respect to wages received during the~~
 13 ~~calendar years 1968, 1969, and 1970, the rate shall be~~
 14 ~~0.6 percent; and~~

15 ~~“(2) with respect to wages received after Decem-~~
 16 ~~ber 31, 1970, the rate shall be 1.0 percent.”~~

17 “(1) with respect to wages received during the
 18 calendar years 1968, 1969, and 1970, the rate shall be
 19 0.6 percent;

20 “(2) with respect to wages received during the cal-
 21 endar years 1971 and 1972, the rate shall be 0.8 percent;

22 “(3) with respect to wages received during the cal-
 23 endar years 1973 and 1974, the rate shall be 0.9 percent;

24 “(4) with respect to wages received during the cal-

endar years 1975, 1976, 1977, 1978, and 1979, the rate shall be 1.0 percent; and

“(5) with respect to wages received after December 31, 1979, the rate shall be 1.1 percent.”

(3) Section 3111(b) of such Code (relating to rate of tax on employers for purposes of hospital insurance) is amended by striking out paragraphs (1) through (5) and inserting in lieu thereof the following:

~~“(1) with respect to wages paid during the calendar years 1968, 1969, and 1970, the rate shall be 0.6 percent; and~~

~~“(2) with respect to wages paid after December 31, 1970, the rate shall be 1.0 percent.”~~

“(1) with respect to wages paid during the calendar years 1968, 1969, and 1970, the rate shall be 0.6 percent;

“(2) with respect to wages paid during the calendar years 1971 and 1972, the rate shall be 0.8 percent;

“(3) with respect to wages paid during the calendar years 1973 and 1974, the rate shall be 0.9 percent;

“(4) with respect to wages paid during the calendar years 1975, 1976, 1977, 1978, and 1979, the rate shall be 1.0 percent; and

1 “(5) with respect to wages paid after December 31,
2 1979, the rate shall be 1.1 percent.”

3 (c) The amendments made by subsections (a) (1) and
4 (b) (1) shall apply only with respect to taxable years be-
5 ginning after December 31, 1970. The remaining amend-
6 ments made by this section shall apply only with respect to
7 remuneration paid after December 31, 1970.

8 ALLOCATION TO DISABILITY INSURANCE TRUST FUND

9 SEC. ~~125~~ 119. (a) Section 201(b) (1) of the Social
10 Security Act is amended—

11 (1) by striking out “and (D)” and inserting in
12 lieu thereof “(D)”; and

13 ~~(2)~~ by striking out “after December 31, 1969,
14 and so reported,” and inserting in lieu thereof the fol-
15 lowing: “after December 31, 1969, and before Janu-
16 ary 1, 1971, and so reported, ~~(E)~~ 0.90 of 1 per centum
17 of the wages ~~(as so defined)~~ paid after December 31,
18 1970, and before January 1, 1975, and so reported,
19 ~~(F)~~ 1.05 per centum of the wages ~~(as so defined)~~
20 paid after December 31, 1974, and before January 1,
21 1980, and so reported, and ~~(G)~~ 1.15 per centum of
22 the wages ~~(as so defined)~~ paid after December 31,
23 1979, and so reported,”.

24 (2) by striking out “after December 31, 1969, and

1 *so reported,” and inserting in lieu thereof the following:*
2 *“after December 31, 1969, and before January 1, 1971,*
3 *and so reported, (E) 0.90 of 1 per centum of the wages*
4 *(as so defined) paid after December 31, 1970, and before*
5 *January 1, 1972, and so reported, (F) 0.95 of 1 per*
6 *centum of the wages (as so defined) paid after December*
7 *31, 1971, and before January 1, 1975, and so reported,*
8 *(G) 1.05 per centum of the wages (as so defined) paid*
9 *after December 31, 1974, and before January 1, 1980,*
10 *and so reported, (H) 1.35 per centum of the wages (as*
11 *so defined) paid after December 31, 1979, and before*
12 *January 1, 1986, and (I) 1.45 per centum of the*
13 *wages (as so defined) paid after December 31, 1985,*
14 *and so reported,”.*

15 (b) Section 201 (b) (2) of such Act is amended—

16 (1) by striking out “and (D)” and inserting in
17 lieu thereof “(D)”; and

18 (2) by inserting after “December 31, 1969,” the
19 following: “and before January 1, 1971, (E) 0.675 of
20 1 per centum of the amount of self-employment income
21 (as so defined) so reported for any taxable year begin-
22 ning after December 31, 1970, and before January 1,
23 1972, (F) 0.7125 of 1 per centum of the amount of self-

1 *employment income (as so defined) so reported for any*
 2 *taxable year beginning after December 31, 1971, and*
 3 *before January 1, 1975, (G) 0.7350 of 1 per centum*
 4 *of the amount of self-employment income (as so defined)*
 5 *so reported for any taxable year beginning after Decem-*
 6 *ber 31, 1974, and before January 1, 1980, (H) 0.8600*
 7 *of 1 per centum of the amount of self-employment income*
 8 *(as so defined) so reported for any taxable year begin-*
 9 *ning after December 31, 1979, and before January 1,*
 10 *1986, and (I) 0.8300 of 1 per centum of the amount of*
 11 *self-employment income (as so defined) so reported for*
 12 *any taxable year beginning after December 31, 1985,".*

13 **INCREASE OF AMOUNTS IN TRUST FUNDS AVAILABLE TO**

14 **PAY COSTS OF REHABILITATION SERVICES**

15 *SEC. 120. The first sentence of section 222(d)(1) of the*
 16 *Social Security Act (as amended by section 107(b)(4) of*
 17 *this Act) is further amended by striking out "except that*
 18 *the total amount so made available pursuant to this subsection*
 19 *in any fiscal year may not exceed 1 percent of the total*
 20 *of the benefits under section 202(d) for children who have*
 21 *attained age 18 and are under a disability" and inserting in*
 22 *lieu thereof the following: "except that the total amount*
 23 *so made available pursuant to this subsection may not*
 24 *exceed—*

1 “(i) 1 percent in the fiscal year ending June 30,
2 1971,

3 “(ii) 1.25 percent in the fiscal year ending June 30,
4 1972,

5 “(iii) 1.5 percent in the fiscal year ending June 30,
6 1973, and thereafter,

7 of the total of the benefits under section 202(d) for children
8 who have attained age 18 and are under a disability”.

9 **SELF-EMPLOYMENT INCOME OF CERTAIN INDIVIDUALS**

10 **TEMPORARILY LIVING OUTSIDE THE UNITED STATES**

11 **SEC. 121. (a)** Section 211(a) of the Social Security Act
12 is amended—

13 (1) by striking out “and” at the end of paragraph
14 (8);

15 (2) by striking out the period at the end of para-
16 graph (9) and inserting in lieu thereof “; and”; and

17 (3) by inserting after paragraph (9) the following
18 new paragraph:

19 “(10) In the case of an individual who has been
20 a resident of the United States during the entire taxable
21 year, the exclusion from gross income provided by sec-
22 tion 911(a)(2) of the Internal Revenue Code of 1954
23 shall not apply.”

1 (b) Section 1402(a) of the Internal Revenue Code of
2 1954 (relating to definition of net earnings from self-em-
3 ployment) is amended—

4 (1) by striking out “and” at the end of paragraph
5 (9);

6 (2) by striking out the period at the end of para-
7 graph (10) and inserting in lieu thereof “; and”; and

8 (3) by inserting after paragraph (10) the follow-
9 ing new paragraph:

10 “(11) in the case of an individual who has been
11 a resident of the United States during the entire taxable
12 year, the exclusion from gross income provided by sec-
13 tion 911(a)(2) shall not apply.”

14 (c) The amendments made by this section shall apply
15 with respect to taxable years beginning after December 31,
16 1970.

17 MODIFICATION OF AGREEMENT WITH NEBRASKA WITH
18 RESPECT TO CERTAIN STUDENTS AND CERTAIN PART-
19 TIME EMPLOYEES

20 SEC. 122. (a) Notwithstanding any provision of section
21 218 of the Social Security Act, the agreement with the
22 State of Nebraska or any modifications thereof entered into
23 pursuant to such section may, at the option of such State,
24 be modified at any time prior to January 1, 1973, so as to
25 exclude either or both of the following:

1 (1) service in any class or classes of part-time
2 positions; or

3 (2) service performed in the employ of a school,
4 college, or university if such service is performed by a
5 student who is enrolled and is regularly attending classes
6 at such school, college, or university.

7 (b) Any modification of such agreement pursuant to
8 this section shall be effective with respect to services per-
9 formed after the end of the calendar quarter following the
10 calendar quarter in which such agreement is modified.

11 (c) If any such modification terminates coverage with
12 respect to service in any class or classes of part-time posi-
13 tions in any coverage group, the Secretary of Health, Edu-
14 cation, and Welfare and the State may not thereafter modify
15 such agreement so as to again make the agreement appli-
16 cable to service in such positions in such coverage group;
17 if such modification terminates coverage with respect to
18 service performed in the employ of a school, college, or uni-
19 versity, by a student who is enrolled and regularly attending
20 classes at such school, college, or university, the Secretary of
21 Health, Education, and Welfare and the State may not there-
22 after modify such agreement so as to again make the agree-
23 ment applicable to such service performed in the employ of
24 such school, college, or university.

1 *TEMPORARY EMPLOYEES OF THE GOVERNMENT OF GUAM*

2 *SEC. 123. (a) Section 210(a)(7) of the Social Se-*
3 *curity Act is amended by striking out "or" after subpara-*
4 *graph (C) and by striking out the semicolon after subpara-*
5 *graph (D) and inserting in lieu thereof ", or", and by*
6 *adding the following new subparagraph:*

7 *"(E) service (except service performed by an*
8 *elected official or a member of the legislature) performed*
9 *in the employ of the government of Guam (or any in-*
10 *strumentality which is wholly owned by such govern-*
11 *ment) by an employee properly classified as a temporary*
12 *or intermittent employee, if such service is not covered by*
13 *a retirement system established by a law of Guam; except*
14 *that (i) the provisions of this subparagraph shall not be*
15 *applicable to services performed in a hospital or penal*
16 *institution by a patient or inmate thereof, and (ii) for*
17 *purposes of this subparagraph, clauses (i) and (ii) of*
18 *subparagraph (C) shall apply;"*.

19 *(b) Section 3121(b)(7) of the Internal Revenue Code*
20 *of 1954 is amended by striking out "or" after subparagraph*
21 *(B), and by striking out the semicolon at the end of sub-*
22 *paragraph (C) and inserting in lieu thereof ", or", and*
23 *by adding the following new subparagraph:*

24 *"(D) service (except service performed by an elected*

official or a member of the legislature) performed in the employ of the government of Guam (or any instrumentality which is wholly owned by such government) by an employee properly classified as a temporary or intermittent employee, if such service is not covered by a retirement system established by a law of Guam; except that (i) the provisions of this subparagraph shall not be applicable to services performed in a hospital or penal institution by a patient or inmate thereof, and (ii) for purposes of this subparagraph, clauses (i) and (ii) of subparagraph (B) shall apply;”.

(c) The amendments made by this section shall apply with respect to service performed after December 31, 1970.

CHILD BENEFITS IN CASE OF A CHILD ENTITLED TO SUCH BENEFITS ON MORE THAN ONE WAGE RECORD

SEC. 124. (a) Section 202(k)(2)(A) of the Social Security Act is amended to read as follows:

“(2)(A) Any child who under the preceding provisions of this section is entitled for any month to child’s insurance benefits on the wages and self-employment income of more than one insured individual shall, notwithstanding such provisions, be entitled to only one of such child’s insurance benefits for such month. Such child insurance benefits

1 for such month shall be based on the wages and self-employ-
 2 ment of—

3 “(i) the insured individual who has the greatest
 4 primary insurance amount, or

5 “(ii) an insured individual not included under
 6 clause (i), but only if (I) it results in larger child's in-
 7 surance benefits (after the application of section 203
 8 (a) but without regard to any deductions under sections
 9 203 and 222(b)) for such month and (II) would not
 10 result in smaller benefits (after the application of section
 11 203(a) but without regard to any deductions under sec-
 12 tions 203 and 222(b) for such month for any other
 13 person entitled to benefits based on the wages and self-
 14 employment income of the insured individual referred
 15 to in this clause.

16 Where there is more than one insured individual with re-
 17 spect to whom the provisions of clause (ii) are applicable
 18 for such month, such child's insurance benefits for such month
 19 shall be based on the wages and self-employment income of
 20 the insured individual which results in the highest child's
 21 insurance benefits.”

22 (b) The amendments made by the preceding subsection
 23 shall apply with respect to monthly benefits under title II
 24 of such Act for months after December 1970.

1 **RECOMPUTATION OF BENEFITS BASED ON COMBINED**

2 **RAILROAD AND SOCIAL SECURITY EARNINGS**

3 *SEC. 125. (a) Subsection (f) of section 215 of the*
 4 *Social Security Act is amended by—*

5 *(1) striking out subparagraph (B) of paragraph*
 6 *(2) and inserting in lieu thereof the following:*

7 *“(B) in the case of an individual who died in such*
 8 *year, for monthly benefits beginning with benefits for*
 9 *the month in which he died.”; and*

10 *(2) adding at the end the following new paragraph:*

11 *“(6) Upon the death after 1967 of an individual en-*
 12 *titled to benefits under section 202(a) or section 223, if*
 13 *any person is entitled to monthly benefits or a lump-sum*
 14 *death payment, on the wages and self-employment income*
 15 *of such individual, the Secretary shall recompute the de-*
 16 *cedent's primary insurance amount, but only if the decedent*
 17 *during his lifetime was paid compensation which was treated*
 18 *under section 205(o) as remuneration for employment.”*

19 *(b) Subsection (d) of section 215 of such Act is amended*
 20 *by striking out the period at the end of paragraph (2) and*
 21 *inserting in lieu thereof “or (6).”*

22 **UNDERPAYMENTS**

23 *SEC. 126. Section 204(d) (7) of the Social Security Act*
 24 *is amended by striking out “, if any” and inserting in lieu*

1 thereof "or, if none, to the person or persons, if any, who
 2 are determined by the Secretary, in accordance with regula-
 3 tions, to be related to the deceased individual by blood, mar-
 4 riage, or adoption and to be the appropriate person or persons
 5 to receive payment on behalf of the estate".

6 **REDUCTION FROM 6 TO 4 MONTHS OF WAITING PERIOD**
 7 **FOR DISABILITY BENEFITS**

8 **SEC. 127. (a) Section 223(c)(2) of the Social Security**
 9 **Act is amended—**

10 (1) by striking out "six" and inserting in lieu
 11 thereof "four", and

12 (2) by striking out "eighteenth" each place it ap-
 13 pears and inserting in lieu thereof "sixteenth".

14 (b) Section 202(e)(6) of such Act is amended—

15 (1) by striking out "six" and inserting in lieu there-
 16 of "four",

17 (2) by striking out "eighteenth" and inserting in
 18 lieu thereof "sixteenth", and

19 (3) by striking out "sixth" and inserting in lieu
 20 thereof "fourth".

21 (c) Section 202(f)(7) of such Act is amended—

22 (1) by striking out "six" and inserting in lieu
 23 thereof "four",

24 (2) by striking out "eighteenth" and inserting in
 25 lieu thereof "sixteenth", and

(3) by striking out "sixth" and inserting in lieu thereof "fourth".

(d) Section 216(i)(2)(A) of such Act is amended by striking out "6" and inserting in lieu thereof "four".

(e) The amendments made by this section shall be effective with respect to applications for disability insurance benefits under section 223 of the Social Security Act, applications for widow's and widower's insurance benefits based on disability, and applications for disability determinations under section 216(i) of such Act, filed—

(1) in or after the month in which this Act is enacted, or

(2) before the month in which this Act is enacted if—

(A) notice of the final decision of the Secretary of Health, Education, and Welfare has not been given to the applicant before such month; or

(B) the notice referred to in subparagraph (A) has been so given before such month but a civil action with respect to such final decision is commenced under section 205(g) of the Social Security Act (whether before, in, or after such month) and the decision in such civil action has not become final before such month;

except that no monthly benefits under title II of the

1 *Social Security Act shall be payable or increased by*
 2 *reason of the amendments made by this section for*
 3 *any month before January 1971.*

4 *REFUND OF SOCIAL SECURITY TAX TO MEMBERS OF CERTAIN*
 5 *RELIGIOUS GROUPS OPPOSED TO INSURANCE*

6 *SEC. 128. (a) (1) Section 6413 of the Internal Revenue*
 7 *Code of 1954 (relating to special rules applicable to certain*
 8 *employment taxes) is amended by adding at the end thereof*
 9 *the following new subsection:*

10 *“(e) SPECIAL REFUNDS OF SOCIAL SECURITY TAX*
 11 *TO MEMBERS OF CERTAIN RELIGIOUS FAITHS.—*

12 *“(1) IN GENERAL.—An employee who receives*
 13 *wages with respect to which the tax imposed by section*
 14 *3101 is deducted during a calendar year for which an*
 15 *authorization granted under this subsection applies shall*
 16 *be entitled (subject to the provisions of section 31(b))*
 17 *to a credit or refund of the amount of tax so deducted.*

18 *“(2) AUTHORIZATION FOR CREDIT OR REFUND.—*
 19 *Any individual may file an application (in such form*
 20 *and manner, and with such official, as may be prescribed*
 21 *by regulations under this subsection) for an authoriza-*
 22 *tion for credit or refund of the tax imposed by section*
 23 *3101 if he is a member of a recognized religious sect or*
 24 *division thereof described in section 1402(h)(1) and is*
 25 *an adherent of established tenets or teachings described*

in such section of such sect or division. Such authorization may be granted only if—

“(A) the application contains or is accompanied by evidence described in section 1402(h)(1)(A) and a waiver described in section 1402(h)(1)(B), and

“(B) the Secretary of Health, Education, and Welfare makes the findings described in section 1402(h)(1)(C), (D), and (E).

An authorization may not be granted to any individual if any benefit or other payment referred to in section 1402(h)(1)(B) became payable (or, but for section 203 or 222(b) of the Social Security Act, would have become payable) at or before the time of filing of such waiver.

“(3) *EFFECTIVE PERIOD OF AUTHORIZATION.*—

An authorization granted to any individual under this subsection shall apply with respect to wages paid to such individual during the period—

“(A) commencing with the first day of the first calendar year after 1970 throughout which such individual meets the requirements specified in paragraph (2) and in which such individual files application for such authorization (except that if such application is filed on or before the date prescribed by law, including any extension thereof, for filing

1 *an income tax return for such individual's taxable*
 2 *year, such application may be treated as having been*
 3 *filed in the calendar year in which such taxable year*
 4 *begins), and*

5 *“(B) ending with the first day of the calendar*
 6 *year in which (i) such individual ceases to meet*
 7 *the requirements of the first sentence of paragraph*
 8 *(2), or (ii) the sect or division thereof of which such*
 9 *individual is a member is found by the Secretary of*
 10 *Health, Education, and Welfare to have ceased to*
 11 *meet the requirements of subparagraph (B) of para-*
 12 *graph (2).*

13 *“(4) APPLICATION BY FIDUCIARIES OR SURVI-*
 14 *VORS.—If an individual who has received wages with re-*
 15 *spect to which the tax imposed by section 3101 has been*
 16 *deducted during a calendar year dies without having*
 17 *filed an application under paragraph (2), an applica-*
 18 *tion may be filed with respect to such individual by a*
 19 *fiduciary acting for such individual's estate or by such*
 20 *individual's survivor (within the meaning of section 205*
 21 *(c)(1)(C) of the Social Security Act).”*

22 *(2) Section 31(b)(1) of such Code (relating to credit*
 23 *for special refunds of social security tax) is amended by*
 24 *striking out “section 6413(c)” and inserting in lieu thereof*
 25 *“section 6413 (c) or (e)”.*

1 (b)(1) Sections 201(g)(2) and 1817(f)(1) of the
2 Social Security Act are each amended by striking out “section
3 6413(c)” and inserting in lieu thereof “sections 6413 (c)
4 and (e)”.

5 (2) Section 202(v) of the Social Security Act is
6 amended—

7 (1) by inserting “(1)” after “(v)”; and

8 (2) by adding at the end thereof the following new
9 paragraph:

10 “(2) Notwithstanding any other provisions of this title,
11 in the case of any individual who files a waiver pursuant to
12 section 6413(e) of the Internal Revenue Code of 1954 and
13 is granted an authorization for credit or refund thereunder,
14 no benefits or other payments shall be payable under this title
15 to him, no payments shall be made on his behalf under part
16 A of title XVIII, and no benefits or other payments under
17 this title shall be payable on the basis of his wages and self-
18 employment income to any other person, after the filing of
19 such waiver; except that, if thereafter such individual’s au-
20 thorization under such section 6413(e) ceases to be effective;
21 such waiver shall cease to be applicable in the case of benefits
22 and other payments under this title and part A of title XVIII
23 to the extent based on his wages beginning with the first day
24 of the calendar year for which such authorization ceases to
25 apply and on his self-employment income for and after his

1 taxable year which begins in or with the beginning of such
2 calendar year.”

3 *BENEFITS FOR REMARRIED WIDOWS AND WIDOWERS*

4 *SEC. 129. (a) Section 202(e)(4) of the Social Security*
5 *Act is amended to read as follows:*

6 “(4) If a widow, after attaining the age of 60, marries
7 an individual (other than one described in subparagraph
8 (A) or (B) of paragraph (3)), such marriage shall, for
9 purposes of paragraph (1), be deemed not to have occurred.
10 The amount of such widow’s benefit shall be determined under
11 paragraph (2) except that, notwithstanding the provisions of
12 such paragraph (2) and subsection (q), the amount of
13 such benefit shall be equal to one-half of the primary insur-
14 ance amount of the deceased person on whose wages and
15 self-employment income such benefit is based—

16 “(A) if such individual at the time of such mar-
17 riage, or at any time thereafter, is entitled (or, with
18 respect to clause (i) or (iii) of this subparagraph, upon
19 filing proper application would be entitled) to—

20 “(i) benefits under subsection (a) (deeming
21 for such purposes, if he has not attained age 62, that
22 he has attained such age in the month in which such
23 marriage occurs),

24 “(ii) benefits under section 223, or

25 “(iii) any periodic benefits under a govern-
26 mental pension system (as defined in section 228(h))

(2) and (3)) (deeming for such purposes, if he has not attained the required eligibility age, that he has attained such age in the month in which such marriage occurs),

for the month in which such marriage occurs and each month thereafter prior to the month in which such individual dies or such marriage is otherwise terminated, and

“(B) if such individual is not an individual referred to in subparagraph (A) of this paragraph, for the first month for which he becomes entitled to any of the benefits referred to in such subparagraph (A) and each month thereafter prior to the month in which such individual dies or such marriage is otherwise terminated.”

(b) Section 202(f)(5) of such Act is amended to read as follows:

“(5) If a widower, after attaining the age of 60, marries an individual (other than one described in subparagraph (A) or (B) of paragraph (4)), such marriage shall, for purposes of paragraph (1), be deemed not to have occurred. The amount of such widower’s benefit shall be determined under paragraph (3); except that, notwithstanding the provisions of such paragraph (3) and subsection (q), the amount of such benefit shall be equal to one-half of the primary insurance amount of the deceased person on whose wages and self-employment income such benefit is based—

1 “(A) if such individual at the time of such marriage
2 is entitled (or, with respect to clause (i) or (iii) of this
3 subparagraph, upon filing proper application would be
4 entitled) to—

5 “(i) benefits under subsection (a) (deeming for
6 such purposes, if she has not attained age 62, that she
7 has attained such age in the month in which such
8 marriage occurs),

9 “(ii) benefits under section 223, or

10 “(iii) any periodic benefits under a govern-
11 mental pension system (as defined in section 228
12 (h) (2) and (3)) (deeming for such purposes, if
13 she has not attained the required eligibility age, that
14 she has attained such age in the month in which such
15 marriage occurs),

16 for the month in which such marriage occurs and each
17 month thereafter prior to the month in which such indi-
18 vidual dies or such marriage is otherwise terminated, and

19 “(B) if such individual is not an individual
20 referred to in subparagraph (A) of this paragraph, for
21 the first month for which she becomes entitled to any of the
22 benefits referred to in such subparagraph (A) and each
23 month thereafter prior to the month in which such indi-
24 vidual dies or such marriage is otherwise terminated.”

25 “(c) The amendments made by this section shall apply

1 with respect to monthly benefits under title II of the Social
2 Security Act for months after December 1970, but only on
3 the basis of applications filed after the date of enactment
4 of this Act.

5 PAYMENT IN CERTAIN CASES OF DISABILITY INSURANCE
6 BENEFITS WITH RESPECT TO PERIODS OF DISABILITY
7 WHICH ENDED PRIOR TO 1968

8 SEC. 130. (a) If an individual would (upon the timely
9 filing of an application for a disability determination under
10 section 216(i) of the Social Security Act and of an appli-
11 cation for disability insurance benefits under section 223
12 of such Act) have been entitled to disability insurance bene-
13 fits under such section 223 for a period which began after
14 1959 and ended prior to 1964, such individual shall, upon
15 filing application for disability insurance benefits under such
16 section 223 with respect to such period not later than 6
17 months after the date of enactment of this section, be entitled,
18 notwithstanding any other provision of title II of the Social
19 Security Act, to receive in a lump-sum, as disability insur-
20 ance benefits payable under section 223, an amount equal
21 to the total amounts of disability insurance benefits which
22 would have been payable to him for such period if he had
23 timely filed such an application for a disability determination
24 and such an application for disability insurance benefits with
25 respect to such period; but only if—

1 (1) prior to the date of enactment of this section and
2 after the date of enactment of the Social Security Amend-
3 ments of 1967, such period was determined (under section
4 216(i) of the Social Security Act) to be a period of dis-
5 ability as to such individual; and

6 (2) the application giving rise to the determination
7 (under such section 216(i)) that such period is a period
8 of disability as to such individual would not have been
9 accepted as an application for such a determination ex-
10 cept for the provisions of section 216(i)(2)(F).

11 (b) No payment shall be made to any individual by
12 reason of the provisions of subsection (a) except upon the
13 basis of an application filed after the date of enactment of
14 this section.

15 *AUTOMATIC ADJUSTMENT IN BENEFITS, WAGE BASE, TAX*
16 *RATES, AND EARNINGS TEST*

17 *SEC. 131. (a)(1) Section 215 of the Social Security*
18 *Act is amended by adding at the end thereof the following*
19 *new subsection:*

20 *"Cost-of-Living Increases in Benefits*

21 “(i) (1) For purposes of this subsection—

22 “(A) the term ‘base quarter’ means the period of 3
23 consecutive calendar months ending on June 30, 1971,
24 and the period of 3 consecutive calendar months ending
25 on June 30 of each year thereafter.

1 “(B) the term ‘cost-of-living computation quarter’
2 means any base quarter (beginning no earlier than
3 April 1, 1972) in which the Consumer Price Index
4 prepared by the Department of Labor exceeds, by not
5 less than 3 per centum, such index in the latest of (i)
6 January 1971, or (ii) the base quarter which was most
7 recently a cost-of-living computation quarter, or (iii) the
8 most recent calendar month (after January 31, 1971)
9 in which a general increase (other than an increase under
10 this subsection) in the primary insurance amounts of
11 all individuals entitled to benefits under this title became
12 effective based upon an Act of Congress; and

13 “(C) the Consumer Price Index for a base quarter
14 shall be the monthly average of such index in such
15 quarter.

16 “(2) (A) If the Secretary determines that a base quarter
17 in a calendar year is also a cost-of-living computation quarter,
18 he shall, effective for January of the next calendar year, in-
19 crease the benefit amount of each individual who for such
20 month is entitled to benefits under section 227 or 228, and the
21 primary insurance amount of each other individual as speci-
22 fied in subparagraph (B) of this paragraph, by an amount
23 derived by multiplying such amount (including each such
24 individual’s primary insurance amount or benefit amount
25 under section 227 or 228 as previously increased under this

1 subparagraph) by the same percentage (rounded to the next
 2 higher one-tenth of 1 percent if such percentage is an odd
 3 multiple of .05 of 1 percent and to the nearest one-tenth of
 4 1 percent in any other case) as the percentage by which the
 5 Consumer Price Index for such cost-of-living computation
 6 quarter exceeds such Index for the base quarter determined
 7 after the application of paragraph (1)(B).

8 “(B) The increase provided by subparagraph (A) with
 9 respect to a particular cost-of-living computation quarter
 10 shall apply in the case of monthly benefits under this title for
 11 months after December of the calendar year in which occurred
 12 such cost-of-living computation quarter, based on the wages
 13 and self-employment income of an individual who became
 14 entitled to monthly benefits under section 202, 223, 227, or
 15 228 (without regard to section 202(j)(1) or section 223(b)),
 16 or who died, in or before December of such calendar year.

17 “(C) Notwithstanding the provisions of subparagraphs
 18 (A) and (B), the increase provided by subparagraph (A)
 19 with respect to a particular cost-of-living computation quarter
 20 shall not be effective as provided in such subparagraph (A)
 21 if in the calendar year in which such cost-of-living computa-
 22 tion quarter occurs a law has been enacted which pro-
 23 vides for (i) a general increase in the primary insurance
 24 amounts of all individuals entitled to benefits under this title,
 25 or (ii) a change in the rate of tax on wages and self-employ-

1 ment income under the Internal Revenue Code of 1954 for
 2 old-age, survivors, and disability insurance, or (iii) an in-
 3 crease in the amount of earnings of individuals that may be
 4 counted for benefits under this title and that may be taxed
 5 under the Internal Revenue Code of 1954 for old-age, sur-
 6 vivors, and disability insurance.

7 “(D) Except as may be provided in subparagraph (C).
 8 if the Secretary determines that a base quarter in a calendar
 9 year is also a cost-of-living computation quarter, he shall pub-
 10 lish in the Federal Register on or before August 15 of such
 11 calendar year a determination that a benefit increase is re-
 12 sultantly required and the percentage thereof. He shall also
 13 publish in the Federal Register at that time (along with the
 14 increased benefit amounts which shall be deemed to be the
 15 amounts appearing in sections 227 and 228) a revision of
 16 the table of benefits contained in subsection (a) of this section
 17 (as it may have been revised previously pursuant to this
 18 paragraph); and such revised table shall be deemed to be the
 19 table appearing in such subsection (a). Such revision shall be
 20 determined as follows:

21 “(i) The headings of the table shall be the same as the
 22 headings in the table immediately prior to its revision, except
 23 that the parenthetical phrase at the beginning of column II
 24 shall show the effective date of the primary insurance amounts

1 set forth in column IV of the table immediately prior to its
2 revision.

3 “(ii) The amounts on each line of column I, and the
4 amounts on each line of column III, except as otherwise pro-
5 vided by clause (v) of this subparagraph, shall be the same
6 as the amounts appearing in such column in the table immedi-
7 ately prior to its revision.

8 “(iii) The amount on each line of column II shall be
9 changed to the amount shown on the corresponding line of col-
10 umn IV of the table immediately prior to its revision.

11 “(iv) The amount of each line of columns IV and V
12 shall be increased from the amount shown in the table im-
13 mediately prior to its revision by increasing such amount by
14 the percentage specified in subparagraph (A) of paragraph
15 (2), raising each such increased amount, if not a multiple of
16 \$0.10, to the next higher multiple of \$0.10.

17 “(v) Columns III, IV, and V shall be extended. The
18 amount in each additional line of column III shall be deter-
19 mined so that the second figure in the last line of column III
20 is one-twelfth of the contribution and benefit base for the cal-
21 endar year following the calendar year in which the table of
22 benefits is revised, and the amounts on each additional line of
23 column III shall be the amount on the preceding line increased
24 by \$5. The amount on each additional line of column IV shall
25 be the amount on the preceding line increased by \$1.00, until

1 the amount on the last line of such column is equal to the last
 2 line of such column as determined under clause (iv) plus 20
 3 percent of one-twelfth of the excess of the contribution and
 4 benefit base for the calendar year following the calendar year
 5 in which the table of benefits is revised over such base for
 6 the calendar year in which the table of benefits is revised. The
 7 amount in each additional line of column V shall be 175
 8 percent of the amounts appearing on the same line in column
 9 IV. Any such increased amount that is not a multiple of \$0.10
 10 shall be increased to the next higher multiple of \$0.10."

11 (2) Section 203(a) of such Act (as amended by sec-
 12 tion 101(b) of this Act) is further amended—

13 (A) by striking out the period at the end of para-
 14 graph (3) and inserting in lieu thereof “, or”, and in-
 15 serting after paragraph (3) the following new para-
 16 graph:

17 “(4) when two or more persons are entitled (with-
 18 out the application of section 202(j)(1) and section 223
 19 (b)) to monthly benefits under section 202 or 223 for
 20 December of the calendar year in which occurs a cost-of-
 21 living computation quarter (as defined in section 215(i)
 22 (1)) on the basis of the wages and self-employment in-
 23 come of such insured individual, such total of benefits
 24 for months following such December shall be reduced to
 25 not less than the amount equal to the sum of the amounts

1 *derived by increasing the benefit amount determined*
2 *under this title (including this subsection, but without the*
3 *application of section 222(b), section 202(q), and sub-*
4 *sections (b), (c), and (d) of this section) as in effect for*
5 *such December for each such person by the same percent-*
6 *age as the percentage by which such individual's primary*
7 *insurance amount (including such amount as previously*
8 *increased) is increased under section 215(i)(2) for*
9 *such month immediately following, and raising each such*
10 *increased amount (if not a multiple of \$0.10) to the*
11 *next higher multiple of \$0.10.”; and*

12 *(B) by striking out “the table in section 215(a)” in*
13 *the matter preceding paragraph (1) and inserting in*
14 *lieu thereof “the table in (or deemed to be in) section*
15 *215(a)”.*

16 *(3)(A) Section 215(a) of such Act is amended by*
17 *striking out the matter which precedes the table and insert-*
18 *ing in lieu thereof the following:*

19 *“(a) The primary insurance amount of an insured*
20 *individual shall be the amount in column IV of the follow-*
21 *ing table, or, if larger, the amount in column IV of the*
22 *latest table deemed to be such table under subsection (i)*
23 *(2)(D), determined as follows:*

24 *“(1) Subject to the conditions specified in subsections*
25 *(b), (c), and (d) of this section and except as provided*

1 *in paragraph (2) of this subsection, such primary*
2 *insurance amount shall be whichever of the following*
3 *amounts is the largest:*

4 “(i) *The amount in column IV on the line on*
5 *which in column III of such table appears his aver-*
6 *age monthly wage (as determined under subsection*
7 *(b))*;

8 “(ii) *The amount in column IV on the line on*
9 *which in column II of such table appears his pri-*
10 *mary insurance amount (as determined under sub-*
11 *section (c))*; or

12 “(iii) *The amount in column IV on the line on*
13 *which in column I of such table appears his primary*
14 *insurance benefit (as determined under subsection*
15 *(d))*.

16 “(2) *In the case of an individual who was entitled*
17 *to a disability insurance benefit for the month before the*
18 *month in which he died, became entitled to old-age insur-*
19 *ance benefits, or attained age 65, such primary insurance*
20 *amount shall be the amount in column IV which is equal*
21 *to the primary insurance amount upon which such disa-*
22 *bility insurance benefit is based, except that, if such*
23 *individual was entitled to a disability insurance benefit*
24 *under section 223 for the month before the effective*
25 *month of a new table and in the following month became*

1 entitled to an old-age insurance benefit, or he died in
 2 such following month, then his primary insurance amount
 3 for such following month shall be the amount in column
 4 IV of the new table on the line on which in column II of
 5 such table appears his primary insurance amount for
 6 the month before the effective month of the table (as
 7 determined under subsection (c)) instead of the amount
 8 in column IV equal to the primary insurance amount
 9 on which his disability insurance benefit is based.”

10 (B) Effective January 1, 1973, section 215(b)(4) of
 11 such Act (as amended by section 101(c) of this Act) is
 12 amended to read as follows:

13 “(4) The provisions of this subsection shall be applicable
 14 only in the case of an individual—

15 “(A) who becomes entitled in or after the effective
 16 month of a new table that appears in (or is deemed by
 17 subsection (i)(2)(D) to appear in) subsection (a) to
 18 benefits under section 202(a) or section 223; or

19 “(B) who dies in or after such effective month with-
 20 out being entitled to benefits under section 202(a) or
 21 section 223; or

22 “(C) whose primary insurance amount is required
 23 to be recomputed under subsection (f)(2) or (6).”

24 (C) Effective January 1, 1973, section 215(c) of such
 25 Act (as amended by section 101(d) of this Act) is amended
 26 to read as follows:

1 *“Primary Insurance Amount Under Prior Provisions*

2 *“(c)(1) For the purposes of column II of the table*
 3 *that appears in (or is deemed to appear in) subsection (a)*
 4 *of this section, an individual’s primary insurance amount*
 5 *shall be computed on the basis of the law in effect prior to the*
 6 *effective month of the latest such table.*

7 *“(2) The provisions of this subsection shall be applicable*
 8 *only in the case of an individual who became entitled to bene-*
 9 *fits under section 202(a) or section 223, or who died, before*
 10 *such effective month.”*

11 *(D) Section 215(f)(2) of such Act is amended by*
 12 *striking out “(a) (1) and (3)” and inserting in lieu thereof*
 13 *“(a)(1) (i) and (ii)”.*

14 *(4) Sections 227 and 228 of such Act (as amended by*
 15 *sections 102 and 104 of this Act) are amended by striking*
 16 *out “\$48.30” wherever it appears and inserting in lieu*
 17 *thereof “the larger of \$48.30 or the amount most recently*
 18 *established in lieu thereof under section 215(i)”, and by*
 19 *striking out “\$24.20” wherever it appears and inserting in*
 20 *lieu thereof “the larger of \$24.20 or the amount most re-*
 21 *cently established in lieu thereof under section 215(i)”.*

22 *(b)(1) Title II of the Social Security Act is amended*
 23 *by adding at the end thereof the following new section:*

24 *“ADJUSTMENT OF THE TAX AND BENEFIT BASE*

25 *“SEC. 230. (a) If the Secretary determines pursuant*

1 to subsection (i) of section 215 that an increase in benefits
 2 provided by subparagraph (A) of such subsection applies
 3 in the case of monthly benefits under sections 202 and 223
 4 for months of a calendar year immediately following a cost-
 5 of-living computation quarter he shall also estimate the long-
 6 range additional level-cost (without regard to any estimated
 7 actuarial surplus which may exist at such time) of such
 8 benefits. He shall also determine the increase that is necessary
 9 in (1) the amount of earnings that may be taxed under the
 10 Internal Revenue Code of 1954 for old-age, survivors, and
 11 disability insurance and (2) the rate of tax specified in sec-
 12 tions 1401(a), 3101(a), and 3111(a) of the Internal Reve-
 13 nue Code of 1954, to meet the total of such level cost and the
 14 cost (not previously taken into account under this subsection)
 15 of increasing the exempt amount pursuant to section 203(f)
 16 (8) for years prior to the year in which such increase in
 17 benefits becomes effective where one-half (or approximately
 18 one-half) of such total is to be met by the increase specified in
 19 clause (1) and the remainder is to be met by the increase
 20 specified in clause (2).

21 “(b) The contribution and benefit base for the calendar
 22 year referred to in subsection (a) and all succeeding calen-
 23 dar years, prior to the first calendar year thereafter in which
 24 an increase in benefits authorized by subsection (i) of section
 25 215 becomes effective, shall be the sum of the amount of

1 earnings of individuals that may be counted for benefits under
2 this title and that may be taxed under the Internal Revenue
3 Code of 1954 for old-age, survivors, and disability insurance
4 with respect to the calendar year immediately preceding the
5 calendar year referred to in subsection (a) and the increase
6 referred to in subsection (a), with such sum, if not a multi-
7 ple of \$300, being rounded to the nearest multiple of \$300;
8 except that—

9 “(1) if prior to such first calendar year a law is
10 enacted which provides that for any calendar year a
11 different amount of earnings may be so counted and may
12 be so taxed, such different amount shall be the contribu-
13 tion and benefit base for the calendar years specified in
14 such law but only until the first calendar year thereafter
15 in which an increase in benefits is authorized by subsec-
16 tion (i) of section 215; and

17 “(2) the contribution and benefit base for any year
18 after 1972 and prior to the first calendar year in which
19 the first increase in benefits pursuant to section 215(i)
20 becomes effective shall be \$9,000 or (if applicable) such
21 other amount as may be specified in a law enacted subse-
22 quent to the Social Security Amendments of 1970.

23 “(c) The Secretary shall allocate the increase specified
24 in clause (2) of subsection (a) of this section among the

1 rates of tax specified in sections 1401(a), 3101(a) and 3111
 2 (a) of the Internal Revenue Code of 1954 so that—

3 “(A) the rate of tax under section 3101(a) of such
 4 Code with respect to wages (as defined in section 3121
 5 (a) of such Code) received during a calendar year is
 6 equal to the rate of tax under section 3111(a) of such
 7 Code with respect to wages (as defined in section 3121
 8 (a) of such Code) received during such calendar year;

9 “(B) the rate of tax under section 1401(a) of
 10 such Code with respect to self-employment income (as
 11 defined in section 1402(b) of such Code) for any taxable
 12 year beginning during a period specified in such section
 13 1401(a) shall be equal to 150 percent of the rate of tax
 14 under section 3101(a) of such Code with respect to
 15 wages (as defined in section 3121(a) of such Code) re-
 16 ceived during any calendar year occurring in such
 17 period.

18 After such allocation, the Secretary shall round any such
 19 tax rate, increased by reason of such allocation, to the near-
 20 est one-tenth of 1 percent.

21 “(d) At the time the Secretary publishes in the Federal
 22 Register the table required by section 215(i)(1)(D), he
 23 shall also publish in such Register—

24 “(1) the actuarial assumptions and methodology

used in estimating the additional long-range level-cost referred to in subsection (a), and

“(2) the contribution and benefit base resulting pursuant to subsection (b), and

“(3) the amount of the increase in tax rates required pursuant to such subsection (a) and the allocation of such increase determined under subsection (b) (including any rounding authorized by such subsection).”

(c) Section 203(f) of such Act is amended by adding at the end thereof the following new paragraph:

“(8)(A) On or before November 1 of 1972 and of each even-numbered year thereafter, the Secretary shall determine and publish in the Federal Register the exempt amount as defined in subparagraph (B) for each month in any individual's first two taxable years which end with the close of or after the calendar year following the year in which such determination is made.

“(B) The exempt amount for each month of a particular taxable year shall be whichever of the following is the larger:

“(i) the product of $\$166.66\frac{2}{3}$ and the ratio of (I) the average taxable wages of all persons for whom taxable wages were reported to the Secretary for the first calendar quarter of the calendar year

in which a determination under subparagraph (A) is made for each such month of such particular taxable year to (II) the average of the taxable wages of all persons for whom wages were reported to the Secretary for the first calendar quarter of 1971, with such product, if not a multiple of \$10, being rounded to the next higher multiple of \$10 where such product is an odd multiple of \$5 and to the nearest multiple of \$10 in any other case, or

“(ii) the exempt amount for each month in the taxable year preceding such particular taxable year.”

CHILD'S INSURANCE BENEFITS NOT TO BE TERMINATED
BY REASON OF ADOPTION OF CHILD BY STEPGRAND-
PARENT

SEC. 132. (a) Section 202(d)(1)(D) of the Social Security Act is amended by inserting “stepgrandparent,” immediately after “grandparent,”.

(b) Any child—

(1) whose entitlement to child's insurance benefits under section 202(d) of the Social Security Act was terminated by reason of his adoption, prior to the date of enactment of this Act, by reason of his adoption by his stepgrandparent; and

1 (2) who, except for such adoption, would be entitled
 2 to child's insurance benefits under such section for a
 3 month after December 1970,
 4 may, upon filing application for child's insurance benefits
 5 under the Social Security Act after the date of enactment of
 6 this Act, become reentitled to such benefits; except that no
 7 child shall, by reason of the enactment of this section, become
 8 reentitled to such benefits for any month prior to the month
 9 of January 1971.

10 TERMINATION OF COVERAGE OF REGISTRARS OF VOTERS

11 IN LOUISIANA

12 SEC. 133. (a) Notwithstanding the provisions of section
 13 218(g)(1) of the Social Security Act, the Secretary may,
 14 under such conditions as he deems appropriate, permit the
 15 State of Louisiana to modify its agreement entered into under
 16 section 218 of such Act so as to terminate the coverage of all
 17 employees who are in positions under the Registrars of Voters
 18 Employees' Retirement System, effective December 31, 1972,
 19 but only if such State files with him notice of termination on
 20 or before December 31, 1971.

21 (b) If the coverage of such employees in positions under
 22 such retirement system is terminated pursuant to subsection
 23 (a), coverage cannot later be extended to employees in posi-
 24 tions under such retirement system.

1 TITLE II—PROVISIONS RELATING TO MEDI-
2 CARE, MEDICAID, AND MATERNAL AND
3 CHILD HEALTH

4 PART A—COVERAGE UNDER MEDICARE PROGRAM

5 PAYMENT UNDER MEDICARE PROGRAM TO INDIVIDUALS
6 COVERED BY FEDERAL EMPLOYEES HEALTH BENEFITS
7 PROGRAM

8 SEC. 201. Section 1862 of the Social Security Act is
9 amended by adding at the end thereof the following new sub-
10 section:

11 “(c) No payment may be made under this title with
12 respect to any item or service furnished to or on behalf of
13 any individual on or after January 1, 1972, if such item or
14 service is covered under a health benefits plan in which such
15 individual is enrolled under chapter 89 of title 5, United
16 States Code, unless prior to the date on which such item or
17 service is so furnished the Secretary shall have determined
18 and certified that the Federal employees health benefits pro-
19 gram under chapter 89 of such title 5 has been modified so as
20 to assure that—

21 “(1) there is available to each Federal employee
22 or annuitant upon or after attaining age 65, in addition
23 to the health benefits plans available before he attains
24 such age, one or more health benefits plans which offer
25 protection supplementing the combined protection pro-

vided under parts A and B of this title and one or more health benefits plans which offer protection supplementing the protection provided under part B of this title alone, and

“(2) the Government will make available to such Federal employee or annuitant a contribution in an amount at least equal to the contribution which the Government makes toward the health insurance of any employee or annuitant enrolled for high option coverage under the Government-wide plans established under chapter 89 of such title 5, with such contribution being in the form of (A) a contribution toward the supplementary protection referred to in paragraph (1), (B) a payment to or on behalf of such employee or annuitant to offset the cost to him of coverage under parts A and B (or part B alone) of this title, or (C) a combination of such contribution and such payment.”

HOSPITAL INSURANCE BENEFITS FOR UNINSURED INDIVIDUALS NOT ELIGIBLE UNDER PRESENT TRANSITIONAL PROVISION

SEC. 202. (a) Section 103 (a) of the Social Security Amendments of 1965 is amended—

(1) by redesignating clauses (A) and (B) in paragraphs (2) and (4) as clauses (i) and (ii), respectively, and by redesignating paragraphs (1), (2), (3),

1 (4), and (5) as subparagraphs (A), (B), (C), (D),
2 and (E), respectively;

3 (2) by striking out all that follows "Anyone
4 who—" and precedes subparagraph (B) (as redesign-
5 dated by paragraph (1) of this subsection) and insert-
6 ing in lieu thereof the following:

7 " (1) (A) has attained the age of 65,";

8 (3) by adding "or" at the end of subparagraph
9 (E) (as so redesignated) ;

10 (4) by striking out "shall (subject to the limita-
11 tions in this section) " and all that follows *down* through
12 the period at the end of the first sentence and inserting
13 in lieu thereof the following:

14 " (2) (A) meets the provisions of subparagraphs
15 (A), (C), and (D) of paragraph (1),

16 " (B) (i) does not meet the provisions of subpara-
17 graph (B) of paragraph (1), ~~and~~ or (ii) is not in-
18 cluded within the provisions of paragraph (1) of this
19 subsection by reason of the provisions of subsection (b)
20 (3) of this section, and

21 " (C) has enrolled (i) under section 1837 of the
22 Social Security Act and (ii) under subsection (d) of
23 this section,

24 shall (subject to the limitations in this section) be deemed,

1 solely for purposes of section 226 of the Social Security Act,
 2 to be entitled to monthly insurance benefits under such section
 3 202 for each month, beginning—

4 “(i) in the case of an individual who meets the
 5 provisions of paragraph (1), with the first month in
 6 which he meets the requirements of such paragraph, or

7 “(ii) in the case of an individual who meets the
 8 provisions of paragraph (2), with the day on which his
 9 coverage period (as provided in subsection (d))
 10 begins,

11 and ending with the month in which he dies, or, if earlier,
 12 the month before the month in which he becomes (or upon
 13 filing application for monthly insurance benefits under sec-
 14 tion 202 of such Act would become) entitled to hospital
 15 insurance benefits under section 226 or *subsection (a)(1)*
 16 *of this section*, or becomes certifiable as a qualified railroad
 17 retirement beneficiary.”;

18 (5) (A) by striking out “the preceding require-
 19 ments of this subsection” in the second sentence and
 20 inserting in lieu thereof “the requirements of paragraph
 21 (1) of this subsection” and (B) by striking out “para-
 22 graph (5) hereof” and inserting in lieu thereof “sub-
 23 paragraph (E) of such paragraph”; ~~and~~

24 (6) by striking out “paragraphs (1), (2), (3),

1 and (4)” in the third sentence and inserting in lieu
 2 thereof “subparagraphs (A), (B), (C), and (D) of
 3 paragraph ~~(1)~~. (1)” ; and

4 (7) by adding at the end the following new sen-
 5 tence: “For purposes of paragraph (1) of this sub-
 6 section, an individual will be deemed to have met the
 7 provisions of subparagraph (E) of such paragraph, if
 8 he is alive on the last day of the month in which his
 9 deemed entitlement by reason of paragraph (2) ends.”

10 (b) Section 103 (b) of such Amendments is amended
 11 (1) by inserting “(i)” after “individual” in the second
 12 sentence, and (2) by adding before the period at the end
 13 thereof the following: “, or (ii) (with respect to an enroll-
 14 ment under subsection (d) (1)) for any month during his
 15 coverage period (as provided in subsection (d))”.

16 (c) Section 103 (c) (1) of such Amendments is
 17 amended by striking out “this section” and inserting in lieu
 18 thereof “paragraph (1) of subsection (a) of this section”.

19 (d) Section 103 of such Amendments is further
 20 amended by adding at the end thereof the following new
 21 subsections:

22 “(d) (1) An individual who meets the conditions of
 23 subparagraphs (A) and (B) of paragraph (2) of sub-
 24 section (a) and has enrolled under section 1837 of the

1 Social Security Act may enroll for the hospital insurance
 2 benefits provided under subsection ~~(a)~~ (a); except that an
 3 individual who is eligible to enroll under this paragraph by
 4 reason of subparagraph (B)(ii) of paragraph (2) of sub-
 5 section (a) must so enroll within the period ending on Decem-
 6 ber 31 of the year following (A) the year in which he first
 7 meets the requirements of subparagraphs (A) and (B) of
 8 paragraph (2) of subsection (a) or (B) (if later) the year
 9 in which the Social Security Amendments of 1970 are en-
 10 acted.

11 “(2) The provisions of sections 1837, 1838, 1839, and
 12 1840 (relating to enrollments under part B of title XVIII
 13 of the Social Security Act) shall be applicable to the enroll-
 14 ment authorized by paragraph (1) in the same manner, to
 15 the same extent, and under the same conditions as such
 16 sections are applicable to enrollments under such part B,
 17 except that for purposes of this subsection such sections
 18 1837, 1838, 1839, and 1840 are modified as follows:

19 “(A) the term ‘paragraphs (1) and (2) of sec-
 20 tion 1836’ shall be considered to read ‘subparagraphs
 21 (A) and (B) of paragraph (2) of section 103 (a) of
 22 the Social Security Amendments of 1965’;

23 “(B) the term ‘March 1, 1966’ shall be considered
 24 to read ‘~~March 31, 1971~~ July 1, 1971’;

1 “(C) the term ‘May 31, 1966’ shall be considered
2 to read ~~‘March 31, 1971~~ *September 30, 1971*’;

3 “(D) the term ‘1969’ shall be considered to read
4 ‘1972’;

5 “(E) subsection (a) (1) of such section 1838
6 shall be considered to read as follows:

7 “‘(1) in the case of an individual who enrolls for
8 benefits under subsection ~~(a)~~ (d) of section 103 of the
9 Social Security Amendments of 1965 pursuant to sub-
10 section (c) of section 1837 (as made applicable by
11 section 103 (d) (2) of such Amendments), ~~January~~
12 *July 1, 1971*, or, if later, the first day of the month fol-
13 lowing the month in which he so enrolls; or’;

14 ~~“(F) subsection (b) of such section 1838 shall be~~
15 considered amended by adding at the end thereof the
16 following new sentence: ‘An individual’s enrollment
17 under subsection ~~(d)~~ of section 103 of the Social Se-
18 curity Amendments of 1965 shall also terminate (i)-
19 when he satisfies subparagraphs ~~(B)~~ and ~~(E)~~ of para-
20 graph ~~(1)~~ of subsection ~~(a)~~ of such section, with such

21 termination taking effect on the first day of the month
22 in which he satisfies such subparagraphs, or ~~(ii)~~ when
23 his enrollment under section 1837 terminates, with such

1 termination taking effect as provided in the second sen-
2 tence of this subsection.’;

3 “(F) the second sentence of subsection (b) of sec-
4 tion 1838 shall be considered to read as follows: ‘The
5 termination of a coverage period under paragraph (1)
6 shall take effect on the last day of the month following the
7 calendar month in which the notice is filed or, if earlier,
8 the last day of the month in which his enrollment under
9 section 1837 terminates.’;

10 “(G) subsection (a) of such section 1839 shall be
11 considered to read as follows:

12 ““(a) The monthly premium of each individual for
13 each month in his coverage period before July 1972 shall
14 be \$27.’;

15 “(H) the term ‘1967’ when used in subsection
16 (b) (1) of such section 1839 shall be considered to read
17 ‘June 1972’;

18 “(I) subsection (b) (2) of such section 1839 shall
19 be considered to read as follows:

20 ““(2) The Secretary shall, during December of 1971
21 and of each year thereafter, determine and promulgate
22 the dollar amount (whether or not such dollar amount
23 was applicable for premiums for any prior month) which

1 shall be applicable for premiums for months occurring
 2 in the 12-month period commencing July 1 of the next
 3 year. Such amount shall be equal to \$27 multiplied by the
 4 ratio of (1) the inpatient hospital deductible for such next
 5 year, as promulgated under section 1813 (b) (2), to (2)
 6 such deductible promulgated for 1971. Any amount deter-
 7 mined under the preceding sentence which is not a multiple
 8 of \$1 shall be rounded to the nearest multiple of \$1.'; and

9 “(J) the term ‘Federal Supplementary Medical
 10 Insurance Trust Fund’ shall be considered to read ‘Fed-
 11 eral Hospital Insurance Trust Fund’.

12 “(e) Payment of the monthly premiums on behalf of
 13 any individual who meets the conditions of subparagraphs
 14 (A) and (B) of paragraph (2) of subsection (a) and
 15 has enrolled for the hospital insurance benefits provided
 16 under subsection (a) may be made by any public or private
 17 agency or organization under a contract or other arrange-
 18 ment entered into between it and the Secretary if the
 19 Secretary determines that payment of such premiums under
 20 such contract or arrangement is administratively feasible.”

21 *(e) Section 226(b) of the Social Security Act is*
 22 *amended by (1) striking out the period at the end of para-*
 23 *graph (2) and inserting in lieu thereof “; and” and (2)*
 24 *adding at the end thereof the following new paragraph:*

25 “(3) an individual shall be deemed entitled to

1 *monthly benefits under section 202 beginning with the*
2 *first month after the month in which his deemed entitle-*
3 *ment to such benefits by reason of section 103(a)(2) of*
4 *the Social Security Amendments of 1965 ends, if on the*
5 *first day of such first month he is alive and would be*
6 *entitled to such benefits for such month had he filed an*
7 *application in such month."*

8 *(f) Section 1837(e) of the Social Security Act is*
9 *amended by striking out the period and inserting in lieu*
10 *thereof the following: "; except that the enrollment period be-*
11 *ginning January 1, 1971, shall end on September 30, 1971,*
12 *in the case of any individual who has an enrollment period*
13 *for hospital insurance benefits under section 103(d) of the*
14 *Social Security Amendments of 1965 beginning on the first*
15 *day of the second month following the month of enactment of*
16 *the Social Security Amendments of 1970 and ending on*
17 *September 30, 1971, and so enrolls in such period."*

18 *(g) Section 1837(b) of such Act (as amended by section*
19 *258 of this Act) is further amended by striking out the period*
20 *and inserting in lieu thereof the following: "; except that any*
21 *enrollment of an individual shall not be counted if the cover-*
22 *age period resulting for such enrollment terminated before the*
23 *date on which such individual first enrolls for hospital insur-*
24 *ance benefits under section 103(a) of the Social Security*
25 *Amendments of 1965."*

1 *INCLUSION OF CERTAIN SERVICES BY OPTOMETRISTS*
 2 *UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM*

3 *SEC. 203. (a) Section 1861(r) of the Social Security*
 4 *Act is amended by (1) striking out "or (3)" and inserting*
 5 *in lieu thereof "(3)", and (2) inserting before the period at*
 6 *the end thereof the following: "or (4) a doctor of optometry,*
 7 *who is legally authorized to practice optometry by the State*
 8 *in which he performs such function, but only with respect*
 9 *to establishing the necessity for prosthetic lenses".*

10 *(b) The amendment made by this section shall apply*
 11 *only with respect to services performed after the date of*
 12 *enactment of this Act.*

13 *COVERAGE OF SUPPLIES RELATED TO COLOSTOMIES*

14 *SEC. 204. (a) Section 1861(s)(8) of the Social Secu-*
 15 *rity Act is amended by inserting after "organs" the follow-*
 16 *ing: "(including colostomy bags and supplies directly related*
 17 *to colostomy care)".*

18 *(b) The amendment made by this section shall apply on*
 19 *and after the date of enactment of this Act.*

20 *INCLUSION OF CHIROPRACTOR'S SERVICES UNDER*
 21 *MEDICARE*

22 *SEC. 205. (a) Section 1861(r) of the Social Security*
 23 *Act (as amended by section 203 of this Act) is further*
 24 *amended by—*

1 (1) striking out "or (4)" and inserting in lieu
2 thereof "(4)", and

3 (2) inserting before the period at the end thereof the
4 following " , or (5) a chiropractor who is licensed as such
5 by the State (or in a State which does not license chiro-
6 practors as such, is legally authorized to perform the
7 services of a chiropractor in the jurisdiction in which he
8 performs such services, and who meets uniform minimum
9 standards promulgated by the Secretary, but only for the
10 purpose of sections 1861(s)(1) and 1861(s)(2)(A)
11 and only with respect to treatment by means of manual
12 manipulation of the spine which he is legally authorized
13 to perform by the State or jurisdiction in which such
14 treatment is provided".

15 (b) The amendments made by this section shall be
16 effective with respect to services furnished after June 30,
17 1971.

18 PART B—IMPROVEMENTS IN THE OPERATING EFFECTIVE-
19 NESS OF THE MEDICARE, MEDICAID, AND MATERNAL
20 AND CHILD HEALTH PROGRAMS

21 LIMITATION ON FEDERAL PARTICIPATION FOR CAPITAL
22 EXPENDITURES

23 SEC. 221. (a) Title XI of the Social Security Act is
24 amended by adding at the end thereof the following new
25 section:

1 "LIMITATION ON FEDERAL PARTICIPATION FOR CAPITAL
2 EXPENDITURES

3 "SEC. 1122. (a) The purpose of this section is to as-
4 sure that Federal funds appropriated under titles V, XVIII,
5 and XIX are not used to support unnecessary capital ex-
6 penditures made by or on behalf of health care facilities *or*
7 *health maintenance organizations* which are reimbursed un-
8 der any of such titles and that, to the extent possible, reim-
9 bursement under such titles shall support planning activities
10 with respect to health services and facilities in the various
11 States.

12 "(b) The Secretary, after consultation with the Gover-
13 nor (or other chief executive officer) and with appropriate
14 local public officials, shall make an agreement with any
15 State which is able and willing to do so under which a desig-
16 nated planning agency (which shall be an agency described
17 in clause (ii) of subsection (d) (1) (B) that has a govern-
18 ing body or advisory body at least half of whose members
19 represent consumer interests) will—

20 "(1) make, and submit to the Secretary together
21 with such supporting materials as he may find neces-
22 sary, findings and recommendations with respect to capi-
23 tal expenditures proposed by or on behalf of any health
24 care facility *or health maintenance organization* in such
25 State within the field of its responsibilities, ~~and~~

1 “(2) receive from other agencies described in
2 clause (ii) of subsection (d) (1) (B), and submit to the
3 Secretary together with such supporting material as he
4 may find necessary, the findings and recommendations of
5 such other agencies with respect to capital expenditures
6 proposed by or on behalf of health care facilities or
7 *health maintenance organizations* in such State within
8 the fields of their respective responsibilities, and

9 “(3) *establish and maintain procedures pursuant to*
10 *which a person proposing any such capital expenditure*
11 *may appeal a recommendation by the designated agency*
12 *and will be granted an opportunity for a fair hearing by*
13 *such agency or person other than the designated agency as*
14 *the Governor (or other chief executive officer) may desig-*
15 *nate to hold such hearings,*

16 whenever and to the extent that the findings of such desig-
17 nated agency or any such other agency indicate that any
18 such expenditure is not consistent with the standards, criteria,
19 or plans developed pursuant to the Public Health Service
20 Act (or the Mental Retardation Facilities and Community
21 Mental Health Centers Construction Act of 1963) to meet
22 the need for adequate health care facilities in the area covered
23 by the plan or plans so developed.

24 “(c) The Secretary shall pay any such State from the
25 Federal Hospital Insurance Trust Fund, in advance or by

1 way of reimbursement as may be provided in the agreement
2 with it (and may make adjustments in such payments on
3 account of overpayments or underpayments previously
4 made), for the reasonable cost of performing the functions
5 specified in subsection (b).

6 “(d) (1) Except as provided in paragraph (2), if the
7 Secretary determines that—

8 “(A) neither the planning agency designated in
9 the agreement described in subsection (b) nor an
10 agency described in clause (ii) of subparagraph (B) of
11 this paragraph had been given notice of any proposed
12 capital expenditure (in accordance with such procedure
13 or in such detail as may be required by such agency)
14 at least 60 days prior to such expenditure; or

15 “(B) (i) the planning agency so designated or
16 an agency so described had received such timely notice
17 of the intention to make such capital expenditure and
18 had, within a reasonable period after receiving such
19 notice and prior to such expenditure, notified the person
20 proposing such expenditure that the expenditure would
21 not be in conformity with the standards, criteria, or plans
22 developed by such agency or any other agency described
23 in clause (ii) for adequate health care facilities in such
24 State or in the area for which such other agency has
25 responsibility, and

1 “(ii) the planning agency so designated had, prior
 2 to submitting to the Secretary the findings referred
 3 to in subsection (b), (I) consulted with, and taken into
 4 consideration the findings and recommendations of,
 5 the State planning agencies established pursuant to
 6 sections 314 (a) and 604 (a) of the Public Health Serv-
 7 ice Act (to the extent that either such agency is not the
 8 agency so designated) as well as the public or nonprofit
 9 private agency or organization responsible for the com-
 10 prehensive regional, metropolitan area, or other local
 11 area plan or plans referred to in section 314 (b) of the
 12 Public Health Service Act and covering the area in
 13 which the health care facility *or health maintenance*
 14 *organization* proposing such capital expenditure is located
 15 (where such agency is not the agency designated in the
 16 agreement) or, if there is no such agency, such other
 17 public or nonprofit private agency or organization (if
 18 any) as performs, as determined in accordance with cri-
 19 teria included in regulations, similar ~~functions~~; *functions*,
 20 and (II) *granted to the person proposing such capital*
 21 *expenditure an opportunity for a fair hearing with*
 22 *respect to such findings;*

23 then, for such period as he finds necessary in any case to
 24 effectuate the purpose of this section, he shall, in determining
 25 the Federal payments to be made under titles V, XVIII,

1 and XIX with respect to services furnished in the health care
2 facility for which such capital expenditure is made, not in-
3 clude any amount which is attributable to depreciation, in-
4 terest on borrowed funds, a return on equity capital (in the
5 case of proprietary facilities), or other expenses related to
6 such capital expenditure. *With respect to any organization*
7 *which is reimbursed on a per capita basis, in determining the*
8 *Federal payments to be made under titles V, XVIII, and*
9 *XIX, the Secretary shall exclude an amount which in his*
10 *judgment is a reasonable equivalent to the amount which*
11 *would otherwise be excluded under this subsection if pay-*
12 *ment were to be made on other than a per capita basis.*

13 “(2) If the Secretary, after submitting the matters in-
14 volved to the advisory council established or designated
15 under subsection (i), determines that an exclusion of ex-
16 penses related to any capital expenditure of any health care
17 facility or health maintenance organization would not be
18 consistent with the effective organization and delivery of
19 health services or the effective administration of title V,
20 XVIII, or XIX, he shall not exclude such expenses pursuant
21 to paragraph (1).

22 “(e) Where a person obtains under lease or comparable
23 arrangement any facility or part thereof, or equipment for
24 a facility, which would have been subject to an exclusion
25 under subsection (d) if the person had acquired it by pur-

1 chase, the Secretary shall (1) in computing such person's
2 rental expense in determining the Federal payments to be
3 made under titles V, XVIII, and XIX with respect to serv-
4 ices furnished in such facility, deduct the amount which in his
5 judgment is a reasonable equivalent of the amount that would
6 have been excluded if the person had acquired such facility
7 or such equipment by purchase, and (2) in computing such
8 person's return on equity capital deduct any amount deposited
9 under the terms of the lease or comparable arrangement.

10 “(f) Any person dissatisfied with a determination by the
11 Secretary under this section may within six months follow-
12 ing notification of such determination request the Secretary
13 to reconsider such determination. A determination by the
14 Secretary under this section shall not be subject to adminis-
15 trative or judicial review.

16 “(g) For the purposes of this section, a ‘capital expendi-
17 ture’ is an expenditure which, under generally accepted
18 accounting principles, is not properly chargeable as an ex-
19 pense of operation and maintenance and which (1) exceeds
20 \$100,000, (2) changes the bed capacity of the facility with
21 respect to which such expenditure is made, or (3) sub-
22 stantially changes the services of the facility with respect to
23 which such expenditure is made. For purposes of clause
24 (1) of the preceding sentence, the cost of the studies, sur-
25 veys, designs, plans, working drawings, specifications, and

1 other activities essential to the acquisition, improvement, ex-
2 pansion, or replacement of the plant and equipment with
3 respect to which such expenditure is made shall be included
4 in determining whether such expenditure exceeds \$100,000.

5 “(h) The provisions of this section shall not apply to
6 Christian Science sanatoriums operated, or listed and certi-
7 fied, by the First Church of Christ, Scientist, Boston, Massa-
8 chusetts.

9 “(i) (1) The Secretary shall establish a national advi-
10 sory council, or designate an appropriate existing national
11 advisory council, to advise and assist him in the preparation
12 of general regulations to carry out the purposes of this section
13 and on policy matters arising in the administration of this
14 section, including the coordination of activities under this
15 section with those under other parts of this Act or under
16 other Federal or federally assisted health programs.

17 “(2) The Secretary shall make appropriate provision
18 for consultation between and coordination of the work of
19 the advisory council established or designated under para-
20 graph (1) and the Federal Hospital Council, the National
21 Advisory Health Council, the Health Insurance Benefits
22 Advisory Council, the Medical Assistance Advisory Council,
23 and other appropriate national advisory councils with re-
24 spect to matters bearing on the purposes and administration

1 of this section and the coordination of activities under this
2 section with related Federal health programs.

3 “(3) If an advisory council is established by the Secre-
4 tary under paragraph (1), it shall be composed of members
5 who are not otherwise in the regular full-time employ of the
6 United States, and who shall be appointed by the Secretary
7 without regard to the civil service laws from among leaders
8 in the fields of the fundamental sciences, the medical sciences,
9 and the organization, delivery, and financing of health
10 care, and persons who are State or local officials or are
11 active in community affairs or public or civic affairs or who
12 are representative of minority groups. Members of such ad-
13 visory council, while attending meetings of the council or
14 otherwise serving on business of the council, shall be entitled
15 to receive compensation at rates fixed by the Secretary, but
16 not exceeding the maximum rate specified at the time of
17 such service for grade GS-18 in section 5332 of title 5,
18 United States Code, including traveltime, and while away
19 from their homes or regular places of business they may also
20 be allowed travel expenses, including per diem in lieu of sub-
21 sistence, as authorized by section 5703 (b) of such title 5
22 for persons in the Government service employed inter-
23 mittently.”

24 (b) The amendment made by subsection (a) shall apply

1 only with respect to a capital expenditure the obligation for
2 which is incurred by or on behalf of a health care facility or
3 health maintenance organization subsequent to whichever of
4 the following is earlier: (A) June 30, 1971, or (B) with
5 respect to any State or any part thereof specified by such
6 State, the last day of the calendar quarter in which the State
7 requests that the amendment made by subsection (a) of this
8 section apply in such State or such part thereof.

9 (c) (1) Section 505 (a) (6) of such Act (as amended
10 by section 229 (b) of this Act) is further amended by in-
11 serting “, consistent with section 1122,” after “standards”
12 where it first appears.

13 (2) Section 506 of such Act (as amended by sections
14 224 (c), 227 (d), 230 (d), and 235 (b) of this Act) is
15 further amended by adding at the end thereof the following
16 new subsection:

17 “(g) For limitation on Federal participation for capital
18 expenditures which are out of conformity with a comprehen-
19 sive plan of a State or areawide planning agency, see sec-
20 tion 1122.”

21 (3) Clause (2) of the second sentence of section 509
22 (a) of such Act is amended by inserting “, consistent with
23 section 1122,” after “standards”.

24 (4) Section 1861 (v) of such Act is amended by adding:
25 at the end thereof the following new paragraph:

1 “(5) For limitation on Federal participation for capital
2 expenditures which are out of conformity with a compre-
3 hensive plan of a State or areawide planning agency, see
4 section 1122.”

5 (5) Section 1902 (a) (13) (D) of such Act (as
6 amended by section 229 (a) of this Act) is further amended
7 by inserting “, consistent with section 1122,” after “stand-
8 ards” where it first appears.

9 (6) Section 1903 (b) of such Act is amended by add-
10 ing at the end thereof the following new paragraph:

11 “(3) For limitation on Federal participation for capital
12 expenditures which are out of conformity with a compre-
13 hensive plan of a State or areawide planning agency, see
14 section 1122.”

15 REPORT ON PLAN FOR PROSPECTIVE REIMBURSEMENT;
16 EXPERIMENTS AND DEMONSTRATION PROJECTS TO
17 DEVELOP INCENTIVES FOR ECONOMY IN THE PROVI-
18 SION OF HEALTH SERVICES

19 SEC. 222. (a) (1) The Secretary of Health, Education,
20 and Welfare, directly or through contracts with public or
21 private agencies or organizations, shall develop and carry
22 out experiments and demonstration projects designed to de-
23 termine the relative advantages and disadvantages of various
24 alternative methods of making payment on a prospective
25 basis to hospitals, extended care facilities, and other pro-

1 viders of services for care and services provided by them
2 under title XVIII of the Social Security Act and under
3 State plans approved under titles XIX and V of such Act,
4 including alternative methods for classifying providers, for
5 establishing prospective rates of payment, and for imple-
6 menting on a gradual, selective, or other basis the estab-
7 lishment of a prospective payment system, in order to
8 stimulate such providers through positive financial incen-
9 tives to use their facilities and personnel more efficiently and
10 thereby to reduce the total costs of the health programs
11 involved without adversely affecting the quality of services
12 by containing or lowering the rate of increase in provider
13 costs that has been and is being experienced under the exist-
14 ing system of retroactive cost reimbursement.

15 (2) The experiments and demonstration projects devel-
16 oped under paragraph (1) shall be of sufficient scope and
17 shall be carried out on a wide enough scale to permit a thor-
18 ough evaluation of the alternative methods of prospective
19 payment under consideration while giving assurance that the
20 results derived from the experiments and projects will obtain
21 generally in the operation of the programs involved (without
22 committing such programs to the adoption of any prospective
23 payment system either locally or nationally).

24 (3) In the case of any experiment or demonstration
25 project under paragraph (1), the Secretary may waive com-

1 pliance with the requirements of titles XVIII, XIX, and V
2 of the Social Security Act insofar as such requirements relate
3 to methods of payment for services provided; and costs in-
4 curred in such experiment or project in excess of those which
5 would otherwise be reimbursed or paid under such titles may
6 be reimbursed or paid to the extent that such waiver applies
7 to them (with such excess being borne by the Secretary).
8 No experiment or demonstration project shall be developed
9 or carried out under paragraph (1) until the Secretary ob-
10 tains the advice and recommendations of specialists who are
11 competent to evaluate the proposed experiment or project as
12 to the soundness of its objectives, the possibilities of securing
13 productive results, the adequacy of resources to conduct it,
14 and its relationship to other similar experiments or projects
15 already completed or in process; and no such experiment
16 or project shall be actually placed in operation until a
17 written report containing a full and complete description
18 thereof has been transmitted to the Committee on Ways
19 and Means of the House of Representatives and the Com-
20 mittee on Finance of the Senate.

21 (4) Grants, payments under contracts, and other ex-
22 penditures made for experiments and demonstration projects
23 under this subsection shall be made *in appropriate part* from
24 the Federal Hospital Insurance Trust Fund (established by
25 section 1817 of the Social Security Act) and the Federal

1 Supplementary Medical Insurance Trust Fund (established
2 by section 1841 of the Social Security Act). Grants and pay-
3 ments under contracts may be made either in advance or by
4 way of reimbursement, as may be determined by the Secre-
5 tary, and shall be made in such installments and on such con-
6 ditions as the Secretary finds necessary to carry out the
7 purpose of this subsection. With respect to any such grant,
8 payment, or other expenditure, the amount to be paid from
9 each of such trust funds shall be determined by the Secretary,
10 giving due regard to the purposes of the experiment or proj-
11 ect involved.

12 (5) The Secretary shall submit to the Congress no later
13 than ~~July 1, 1972~~, *January 1, 1973*, a full report on the ex-
14 periments and demonstration projects carried out under this
15 subsection and on the experience of other programs with re-
16 spect to prospective reimbursement together with any related
17 data and materials which he may consider appropriate. Such
18 report shall include detailed recommendations with respect to
19 the specific methods which could be used in the full imple-
20 mentation of a system of prospective payment to providers of
21 services under the programs involved.

22 (6) Section 1875(b) of the Social Security Act is
23 amended by inserting "and the experiments and demonstra-
24 tion projects authorized by section 222(a) of the Social
25 Security Amendments of 1970" after "1967".

1 (b) (1) Section 402 (a) of the Social Security Amend-
2 ments of 1967 is amended to read as follows:

3 “(a) (1) The Secretary of Health, Education, and Wel-
4 fare is authorized, either directly or through grants to public
5 or nonprofit private agencies, institutions, and organizations
6 or contracts with public or private agencies, institutions, and
7 organizations, to develop and engage in experiments and
8 demonstration projects for the following purposes:

9 “(A) to determine whether, and if so which,
10 changes in methods of payment or reimbursement (other
11 than those dealt with in section 222 (a) of the Social
12 Security Amendments of 1970) for health care and
13 services under health programs established by the Social
14 Security Act, including a change to methods based on
15 negotiated rates, would have the effect of increasing the
16 efficiency and economy of health services under such
17 programs through the creation of additional incentives to
18 these ends without adversely affecting the quality of such
19 services;

20 ~~“(B) to determine whether payments to organiza-~~
21 ~~tions and institutions which have the capability of pro-~~
22 ~~viding comprehensive health care services or services~~
23 ~~other than those for which payment may be made under~~
24 ~~such programs (and which are incidental to services for~~
25 ~~which payment may be made under such programs)~~

1 would, in the judgment of the Secretary, result in more
2 economical provision and more effective utilization of
3 services for which payment may be made under such
4 programs;

5 “(B) to determine whether payments for services
6 other than those for which payment may be made under
7 such programs (and which are incidental to services for
8 which payment may be made under such programs)
9 would, in the judgment of the Secretary, result in more
10 economical provision and more effective utilization of
11 services for which payment may be made under such
12 program, where such services are furnished by organiza-
13 tions and institutions which have the capability of
14 providing—

15 “(i) comprehensive health care services, or

16 “(ii) mental health care services (as defined by
17 section 401(c) of the Mental Retardation Facilities
18 and Community Health Centers Construction Act of
19 1963), or

20 “(iii) ambulatory health care services, but only
21 where the Secretary determines, after appropriate
22 study, that payment for such health care services
23 would result in a more economical provision of such
24 services.

25 “(C) to determine whether the rates of payment or

1 reimbursement for health care services, approved by a
2 State for purposes of the administration of one or more
3 of its laws, when utilized to determine the amount to be
4 paid for services furnished in such State under the health
5 programs established by the Social Security Act, would
6 have the effect of reducing the costs of such programs
7 without adversely affecting the quality of such services;

8 “(D) to determine whether payments under such
9 programs based on a single combined rate of reimburse-
10 ment or charge for the teaching activities and patient
11 care which residents, interns, and supervising physicians
12 render in connection with a graduate medical education
13 program in a patient facility would result in more
14 equitable and economical patient care arrangements with-
15 out adversely affecting the quality of such care; and

16 “(E) to determine whether utilization review and
17 medical review mechanisms established on an areawide
18 or communitywide basis would have the effect of provid-
19 ing more effective controls under such programs over
20 excessive utilization of services.

21 For purposes of this subsection, ‘health programs established
22 by the Social Security Act’ means the program established
23 by title XVIII of such Act, a program established by a plan
24 of a State approved under title XIX of such Act, and a

1 program established by a plan of a State approved under
2 title V of such Act.

3 “(2) Grants, payments under contracts, and other ex-
4 penditures made for experiments and demonstration projects
5 under paragraph (1) shall be made *in appropriate part* from
6 the Federal Hospital Insurance Trust Fund (established by
7 section 1817 of the Social Security Act) and the Federal
8 Supplementary Medical Insurance Trust Fund (established
9 by section 1841 of the Social Security Act). Grants and pay-
10 ments under contracts may be made either in advance or by
11 way of reimbursement, as may be determined by the Secre-
12 tary, and shall be made in such installments and on such
13 conditions as the Secretary finds necessary to carry out the
14 purpose of this section. With respect to any such grant, pay-
15 ment, or other expenditure, the amount to be paid from each
16 of such trust funds shall be determined by the Secretary,
17 giving due regard to the purposes of the experiment or project
18 involved.”

19 (2) - Section 402 (b) of such Amendments is amended—

20 (A) by striking out “experiment” each time it ap-
21 pears and inserting in lieu thereof “experiment or dem-
22 onstration project”;

23 (B) by striking out “experiments” and inserting in
24 lieu thereof “experiments and projects”;

25 (C) by striking out “reasonable charge” and insert-

ing in lieu thereof "reasonable charge, or to reimbursement or payment only for such services or items as may be specified in the experiment"; and

(D) by inserting before the period at the end thereof the following: "; and no such experiment or project shall be actually placed in operation until a written report containing a full and complete description thereof has been transmitted to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate".

(3) Section 1875(b) of the Social Security Act is amended by striking out "experimentation" and inserting in lieu thereof "experiments and demonstration projects".

LIMITATIONS ON COVERAGE OF COSTS UNDER
MEDICARE PROGRAM.

SEC. 223. (a) The first sentence of section 1861(v)(1) of the Social Security Act is amended by inserting immediately before "determined" where it first appears the following: "the cost actually incurred, excluding therefrom any part of incurred cost found to be unnecessary in the efficient delivery of needed health services, and shall be".

(b) The third sentence of section 1861(v)(1) of such Act is amended by striking out the comma after "services" where it last appears and inserting in lieu thereof the follow-

ing: “, may provide for the establishment of limits on the direct or indirect overall incurred costs or incurred costs of specific items or services or groups of items or services to be recognized as reasonable based on estimates of the costs necessary in the efficient delivery of needed health services to individuals covered by the insurance programs established under this title,”.

(c) The fourth sentence of section 1861 (v) (1) of such Act is amended by inserting after “services” where it first appears the following: “(excluding therefrom any such costs, including standby costs, which are determined in accordance with regulations to be unnecessary in the efficient delivery of services covered by the insurance programs established under this title)”.

(d) The fourth sentence of section 1861 (v) (1) of such Act is further amended by striking out “costs with respect” where they first appear and inserting in lieu thereof the following: “necessary costs of efficiently delivering covered services”.

(e) Section 1866 (a) (2) (B) of such Act is amended (1) by inserting “(i)” after “(B)”, and (2) by adding at the end thereof the following new clause:

“(ii) Where a provider of services customarily furnishes an individual items or services which are more ex-

1 pensive than the items or services determined to be neces-
2 sary in the efficient delivery of needed health services under
3 this title and which have not been requested by such indi-
4 vidual, such provider may also charge such individual or
5 other person for such more expensive items or services to
6 the extent that the costs of (or, if less, the customary charges
7 for) such more expensive items or services experienced by
8 such provider in the second fiscal period immediately pre-
9 ceding the fiscal period in which such charges are imposed
10 exceed the cost of such items or services determined to be
11 necessary in the efficient delivery of needed health services,
12 but only if—

13 “(I) the Secretary has provided notice to the
14 public of any charges being imposed on individuals en-
15 titled to benefits under this title on account of costs in
16 excess of the costs determined to be necessary in the
17 efficient delivery of needed health services under this
18 title by particular providers of services in the area in
19 which such items or services are furnished, and

20 “(II) the provider of services has identified such
21 charges to such individual or other person, in such man-
22 ner as the Secretary may prescribe, as charges to meet
23 costs in excess of the cost determined to be necessary in

1 the efficient delivery of needed health services under this
2 title.”

3 (f) Section 1861 (v) of such Act (as amended by sec-
4 tion 221 (c) (4) of this Act) is further amended by redesign-
5 ating paragraphs (4) and (5) as paragraphs (5) and (6),
6 respectively, and by inserting after paragraph (3) the follow-
7 ing new paragraph:

8 “(4) If a provider of services furnishes items or services
9 to an individual which are *grossly* in excess of or more ex-
10 pensive than the items or services determined to be necessary
11 in the efficient delivery of needed health services and charges
12 are imposed for such more expensive items or services under
13 the authority granted in section 1866 (a) (2) (B) (ii), the
14 amount of payment with respect to such items or services
15 otherwise due such provider in any fiscal period shall be re-
16 duced to the extent that such payment plus such charges
17 exceed the cost actually incurred for such items or services in
18 the fiscal period in which such charges are imposed.”

19 (g) Section 1866 (a) (2) of such Act is amended by
20 adding at the end thereof the following new subparagraph:

21 “(D) Where a provider of services customarily fur-
22 nishes items or services which are *grossly* in excess of or more
23 expensive than the items or services with respect to which
24 payment may be made under this title, such provider,

1 notwithstanding the preceding provisions of this paragraph,
2 may not, under the authority of section 1866 (a) (2) (B)
3 (ii), charge any individual or other person any amount for
4 such items or services in excess of the amount of the payment
5 which may otherwise be made for such items or services
6 under this title if the admitting physician has a direct or
7 indirect financial interest in such provider.”

8 (h) The amendments made by this section shall be
9 effective with respect to accounting periods beginning after
10 the date of the enactment of this Act *June 30, 1971*.

11 LIMITS ON PREVAILING CHARGE LEVELS

12 SEC. 224. (a) Section 1842 (b) (3) of the Social Secu-
13 rity Act is amended by adding at the end thereof the following
14 new sentences: “No charge may be determined to be reason-
15 able *in the case of bills submitted or requests for payments*
16 *made under this part for services rendered after June 30,*
17 *1970, the date of enactment of this Act* and before July 1,
18 1971, if it exceeds the higher of (i) the prevailing charge
19 recognized by the carrier for similar services in the same
20 locality in administering this part on June 30, 1970, or (ii)
21 the prevailing charge level that, on the basis of statistical data
22 and methodology acceptable to the Secretary, would cover
23 75 percent of the customary charges made for similar serv-
24 ices in the same locality during the calendar year 1969. With

1 respect to ~~services rendered~~ *bills submitted or requests for pay-*
 2 *ment made under this part* after June 30, 1971, the charges
 3 recognized as prevailing within a locality may be increased
 4 in any fiscal year only to the extent found necessary, on the
 5 basis of statistical data and methodology acceptable to the
 6 Secretary, to cover 75 percent of the customary charges made
 7 for similar services in the same locality during the last pre-
 8 ceding elapsed calendar year but may not be increased (in
 9 the aggregate) beyond the levels described in clause (ii)
 10 of the preceding sentence except to the extent that the Secre-
 11 tary finds, on the basis of appropriate economic index data,
 12 that such adjustments are justified by economic changes. In
 13 the case of medical services, supplies, and equipment (*in-*
 14 *cluding equipment servicing*) that, in the judgment of the
 15 Secretary, do not generally vary significantly in quality from
 16 one supplier to another, the charges incurred after ~~June 30,~~
 17 ~~1970,~~ *the date of enactment of this Act* determined to be rea-
 18 sonable may *not* exceed the ~~lowest~~ *lower* charge levels at
 19 which such services, supplies, and equipment are widely
 20 *and consistently* available in a locality ~~only~~ *except* to the
 21 extent and under the circumstances specified by the Secre-
 22 tary.”

23 (b) Section 1903 of such Act is amended by adding
 24 at the end thereof the following new subsection:

25 “(g) Payment under the preceding provisions of this
 26 section shall not be made with respect to any amount paid

1 for items or services furnished under the plan after ~~June~~
 2 ~~30, 1970, the date of enactment of this Act~~ to the extent that
 3 such amount exceeds the charge which would be determined
 4 to be reasonable for such items or services under the third,
 5 fourth, and fifth sentences of section 1842 (b) (3)."

6 (c) Section 506 of such Act is amended by adding
 7 at the end thereof the following new subsection:

8 " (f) Notwithstanding the preceding provisions of this
 9 section, no payment shall be made to any State thereunder
 10 with respect to any amount paid for items or services
 11 furnished under the plan after ~~June 30, 1970, the date of~~
 12 ~~enactment of this Act~~ to the extent that such amount exceeds
 13 the charge which would be determined to be reasonable for
 14 such items or services under the third, fourth, and fifth sen-
 15 tences of section 1842 (b) (3)."

16 ESTABLISHMENT OF INCENTIVES FOR STATES TO EMPHA-
 17 ~~SIZE OUTPATIENT CARE UNDER MEDICAID PROGRAMS~~

18 SEC. 225. ~~(a)-(1)~~ Section 1903 of the Social Security
 19 ~~Act (as amended by section 228 of this Act)~~ is further
 20 amended by inserting after subsection ~~(d)~~ the following new
 21 subsection:

22 "~~(e)~~ The amount determined under subsection ~~(a)~~
 23 ~~(1)~~ for any State shall be adjusted as follows:

24 "(1) With respect to the following services fur-
 25 nished under the State plan after December 31, 1970, the

1 Federal medical assistance percentage shall be increased
2 by 25 per centum thereof, except that the Federal medi-
3 cal assistance percentage as so increased may not exceed
4 95 per centum:

5 “~~(A)~~ outpatient hospital services and clinic
6 services ~~(other than physical therapy services)~~;
7 and

8 “~~(B)~~ home health care services ~~(other than~~
9 ~~physical therapy services)~~; and

10 “~~(2)~~ with respect to the following services fur-
11 nished under the State plan after December 31, 1970,
12 the Federal medical assistance percentage shall be de-
13 creased as follows:

14 “~~(A)~~ after an individual has received inpatient
15 hospital services ~~(including services furnished in an~~
16 ~~institution for tuberculosis)~~ on sixty days ~~(whether~~
17 ~~or not such days are consecutive)~~ during any calen-
18 dar year ~~(which for purposes of this section means~~
19 ~~the four calendar quarters ending with June 30)~~;
20 the Federal medical assistance percentage with re-
21 spect to any such services furnished thereafter to
22 such individual in the same calendar year shall be
23 decreased by $33\frac{1}{3}$ per centum thereof;

24 “~~(B)~~ after an individual has received care as an
25 inpatient in a skilled nursing home on ninety days
26 ~~(whether or not such days are consecutive)~~ during

any calendar year, the Federal medical assistance percentage with respect to any such care furnished thereafter to such individual in the same calendar year shall be decreased by $33\frac{1}{3}$ per centum thereof; and

“(C) after an individual has received inpatient services in a hospital for mental diseases on ninety days occurring after December 31, 1970 (whether or not such days are consecutive), the Federal medical assistance percentage with respect to any such services furnished to such individual on an additional two hundred and seventy-five days (whether or not such days are consecutive) shall be decreased by $33\frac{1}{3}$ per centum thereof and no payment may be made under this title for any such services furnished to such individual on any day after such two hundred and seventy-five days.

In determining the number of days on which an individual has received services described in this subsection, there shall not be counted any days with respect to which such individual is entitled to have payments made (in whole or in part) on his behalf under section 1812.”

(2) Section 1903(a)(1) of such Act is amended by inserting “, subject to subsection (c) of this section” after “section 1905(b)”.

1 ~~(b)-(1)~~ Section 1121 of such Act is amended by adding
2 at the end thereof the following new subsection:

3 ~~“(f)-(1)~~ If the Secretary determines for any calendar
4 quarter beginning after December 31, 1970, with respect to
5 any State that there does not exist a reasonable cost differ-
6 ential between the cost of skilled nursing home services and
7 the cost of intermediate care facility services in such State,
8 the Secretary may reduce the amount which would otherwise
9 be considered as expenditures for which payment may be
10 made under subsection ~~(c)~~ by an amount which in his judg-
11 ment is a reasonable equivalent of the difference between the
12 amount of the expenditures by such State for intermediate
13 care facility services and the amount that would have been
14 expended by such State for such services if there had been a
15 reasonable cost differential between the cost of skilled nursing
16 home services and the cost of intermediate care facility
17 services.

18 ~~“(2)~~ In determining whether any such cost differential
19 in any State is reasonable the Secretary shall take into con-
20 sideration the range of such cost differentials in all States.

21 ~~“(3)~~ For the purposes of this subsection, the term ‘cost
22 differential’ for any State for any quarter means, as deter-
23 mined by the Secretary on the basis of the data for the most
24 recent calendar quarter for which satisfactory data are avail-
25 able, the excess of—

26 ~~“(A)~~ the average amount paid in such State (re-

1 gardless of the source of payment) per inpatient day
2 for skilled nursing home services, over

3 “(B) the average amount paid in such State (re-
4 gardless of the source of payment) per inpatient day
5 for intermediate care facility services.”

6 (2) Section 1121(c) of such Act is amended by adding
7 at the end thereof the following new sentence: “Effective
8 January 1, 1971, the term ‘intermediate care facility’ shall
9 not include any public institution (or distinct part thereof)
10 for mental diseases or mental defects.”

11 ESTABLISHMENT OF INCENTIVES FOR STATES TO MAINTAIN
12 ADEQUATE UTILIZATION REVIEW PROCEDURES IN
13 MEDICAID PROGRAMS

14 SEC. 225. Section 1903 of the Social Security Act (as
15 amended by section 228 of this Act) is further amended by
16 inserting after subsection (d) the following new subsection:

17 “(e)(1) The Secretary shall, not less frequently than
18 once during any 12-month period, study, review, and evalu-
19 ate the operation of each State plan approved under this title
20 with a view to determining whether there are in effect, in the
21 administration and operation of such plan, such utilization
22 review, independent medical and professional audits and
23 other procedures as are adequate to assure that, in the provi-
24 sion of health care services to individuals entitled to receive
25 medical assistance under the plan—

26 “(A) inpatient services in hospitals, skilled nursing

1 homes, and other institutional health care facilities (in-
2 cluding intermediate care facilities) will be provided to
3 an individual only when, and to the extent, that the health
4 care needs of such individual cannot, consistent with the
5 provision of appropriate medical care, be effectively pro-
6 vided on an outpatient basis or more economically in an
7 inpatient health care facility of a different type;

8 “(B) costs of or charges for services by physicians
9 and other health care personnel will be reimbursed only
10 when such services are medically necessary; and

11 “(C) costs of or charges for drugs and other health
12 care items or devices will be reimbursed only when med-
13 ically necessary.

14 “(2) If the Secretary determines, as the result of his
15 study, review, and evaluation under paragraph (1) of any
16 such State plan that there is not in effect, in the administra-
17 tion and operation of such plan, such utilization review, in-
18 dependent professional and medical audit, and other proce-
19 dures as are adequate to assure that, in the provision of health
20 care services to individuals entitled to receive medical assist-
21 ance under the plan, the criteria set forth in clauses (A),
22 (B), or (C) are not met, he shall notify the State agency
23 that the Federal medical assistance percentage of such State
24 will be reduced until such time as the Secretary is satisfied
25 that there is in effect, in the administration and operation of
26 such State plan, such utilization review, independent medical

1 and professional audit and other procedures as are adequate
 2 to meet the criteria set forth in such clauses (A), (B), and
 3 (C).

4 “(3) Any reduction in the Federal medical assistance
 5 percentage of any State under this subsection shall be of such
 6 per centum as the Secretary determines will assure, insofar
 7 as possible, that the amount of Federal funds payable to such
 8 State under this title during the period that the reduction is in
 9 effect will be equal to the amount of such funds which would
 10 have been payable to such State under this title for such pe-
 11 riod, if, for such period, there was no failure on the part of
 12 such State, in the administration of the State plan approved
 13 under this title, to have in effect such utilization review, in-
 14 dependent medical and professional audit and other proce-
 15 dures as are adequate to meet the criteria set forth in clauses
 16 (A), (B), and (C) of paragraph (1).

17 “(4) No reduction under this subsection in the Federal
 18 medical assistance percentage of any State shall become
 19 effective prior to the first calendar quarter which commences
 20 more than 90 days after the date the Secretary notifies the
 21 State agency of such State that such a reduction will be made.

22 PAYMENT FOR SERVICES OF TEACHING PHYSICIANS UNDER

23 MEDICARE PROGRAM

24 SEC. 226. ~~(a) (1)~~ Section 1833 ~~(a) (1)~~ of the Social
 25 Security Act is amended by striking out “and” before “(B)”,
 26 and by inserting before the semicolon at the end thereof the

1 following: “, and ~~(C)~~ with respect to expenses incurred for
2 services which are furnished to a patient of a hospital by a
3 physician and for which payment may be made under this
4 part, the amounts paid shall be equal to 100 percent of the
5 reasonable cost, to the hospital or other medical service orga-
6 nization incurring such cost, of such services if ~~(i)-(I)~~ such
7 services are furnished under circumstances comparable to the
8 circumstances under which similar services are furnished to
9 all persons, or all members of a class of persons, who are
10 patients in such hospital and who are not covered by the
11 insurance program established by this part ~~(and not covered~~
12 ~~under a State plan approved under title XIX)~~, and ~~(II)~~
13 none of such persons, or members of such class of persons,
14 are required to pay the reasonable charges for such similar
15 services even when they have private insurance covering
16 such similar services ~~(or are otherwise able to pay reasonable~~
17 ~~charges for all such similar services as determined in accord-~~
18 ~~ance with regulations)~~, or ~~(ii)-(I)~~ none of the patients
19 in such hospital who are covered by such program are
20 required to pay any charges for services furnished by physi-
21 cians, or ~~(II)~~ such patients are required to pay reasonable
22 charges for such services but payment of the deductible
23 and coinsurance applicable to such services is not obtained
24 from or on behalf of some or all of them, in addition to the
25 portion of such charges payable as insurance benefits under

1 this part, even though they have private insurance covering
 2 such services (or are otherwise able to pay reasonable
 3 charges for all such services as determined in accordance with
 4 regulations)''.

5 ~~(2)~~ The first sentence of section 1833(b) of such Act
 6 is amended by striking out "and" before "~~(2)~~", and by in-
 7 serting before the period at the end thereof the following:
 8 "~~,~~ and ~~(3)~~ such total amount shall not include expenses in-
 9 curred for services to which clause (C) of subsection (a) (1)
 10 applies."

11 ~~(b)~~ Section 1861(v) (1) of such Act is amended—

12 ~~(1)~~ by inserting "~~(A)~~" after "~~(1)~~";

13 ~~(2)~~ by striking out "~~(A)~~ take" and "~~(B)~~ pro-
 14 vide" and inserting in lieu thereof "~~(i)~~ take" and "~~(ii)~~
 15 provide", respectively.

16 ~~(3)~~ by inserting "~~(B)~~" immediately preceding
 17 "Such regulations in the case of extended care services";
 18 and

19 ~~(4)~~ by adding at the end thereof the following new
 20 subparagraph:

21 "~~(C)~~ Where a hospital has an arrangement with a
 22 medical school under which the faculty of such school pro-
 23 vides services at such hospital and under which reimburse-
 24 ment to such school by such hospital is less than the reason-
 25 able cost of such services to the medical school, the reasonable

1 cost of such services to the medical school shall be included
 2 in determining the reasonable cost to the hospital of furnish-
 3 ing services for which payment may be made under part A,
 4 but only if—

5 “(i) payment for such services as furnished under
 6 such arrangement would be made under part A to the
 7 hospital if such services were furnished by the hospital,
 8 and

9 “(ii) such hospital pays to the medical school the
 10 reasonable cost of such services to the medical school.”

11 ~~(c)(1)~~ The amendments made by subsection ~~(a)~~ shall
 12 apply with respect to bills submitted and requests for pay-
 13 ment made after the date of the enactment of this Act.

14 ~~(2)~~ The amendments made by subsection ~~(b)~~ shall be
 15 effective with respect to accounting periods beginning after
 16 the date of the enactment of this Act.

17 PAYMENT UNDER MEDICARE PROGRAM FOR SERVICES OF
 18 PHYSICIANS RENDERED AT A TEACHING HOSPITAL

19 SEC. 226. (a) Section 1861(b) of the Social Security
 20 Act is amended by striking out the second sentence thereof
 21 and inserting in lieu thereof the following:

22 “Paragraph (4) shall not apply to services provided in
 23 a hospital by—

24 “(6) an intern or a resident-in-training under a
 25 teaching program approved by the Council on Medical

Education of the American Medical Association or, in the case of an osteopathic hospital, approved by the Committee on Hospitals of the Bureau of Professional Education of the American Osteopathic Association, or, in the case of services in a hospital or osteopathic hospital by an intern or resident-in-training in the field of dentistry, approved by the Council on Dental Education of the American Dental Association; or

“(7) a physician where the hospital has a teaching program approved as specified in paragraph (6), unless (A) such inpatient is a private patient (as defined in regulations), or (B) where the hospital establishes that during the two-year period ending December 31, 1967, and each year thereafter all inpatients have been regularly billed by the hospital for services rendered by physicians and reasonable efforts have been made to collect in full from all patients and payment of reasonable charges (including applicable deductibles and coinsurance) has been regularly collected in full or in part from at least 50 percent of all inpatients.”

(b)(1) So much of section 1814(a) of the Social Security Act as precedes paragraph (1) is amended by striking “subsection (d),” and inserting in lieu thereof “subsections (d) and (g),”.

1 (2) Section 1814 is further amended by adding at the
2 end thereof the following new subsection:

3 “PAYMENT FOR SERVICES OF A PHYSICIAN RENDERED
4 IN A TEACHING HOSPITAL

5 “(g) For purposes of services for which the reasonable
6 cost thereof is determined under section 1861(v)(1)(D),
7 payment under this part shall be made to such fund as may
8 be designated by the organized medical staff of the hospital
9 in which such services were furnished or, if such services were
10 furnished in such hospital by the faculty of a medical school,
11 to such fund as may be designated by such faculty, but only
12 if—

13 “(1) such hospital has an agreement with the Sec-
14 retary under section 1866, and

15 “(2) the Secretary has received written assurances
16 that (A) such payment will be used by such fund solely
17 for the improvement of care of hospital patients or for
18 educational or charitable purposes and (B) the individ-
19 uals who were furnished such services or any other per-
20 sons will not be charged for such services (or if charged,
21 provision will be made for return of any moneys in-
22 correctly collected).”

23 (c) Section 1861(v)(1) of such Act is amended—

24 (1) by inserting “(A)” after “(1)”;

25 (2) by striking out “(A) take” and “(B) provide”

1 *and inserting in lieu thereof “(i) take” and “(ii)*
2 *provide”, respectively;*

3 *(3) by inserting “(B)” immediately preceding*
4 *“Such regulations in the case of extended care services”;*
5 *and*

6 *(4) by adding at the end thereof the following new*
7 *subparagraphs:*

8 *“(C) Where a hospital has an arrangement*
9 *with a medical school under which the faculty of*
10 *such school provides services at such hospital, an*
11 *amount not in excess of the reasonable cost of such*
12 *services to the medical school shall be included in*
13 *determining the reasonable cost to the hospital of*
14 *furnishing services—*

15 *“(i) for which payment may be made un-*
16 *der part A, but only if*

17 *“(I) payment for such services as*
18 *furnished under such arrangement would*
19 *be made under part A to the hospital had*
20 *such services been furnished by the hospital,*
21 *and*

22 *“(II) such hospital pays to the medi-*
23 *cal school at least the reasonable cost of*
24 *such services to the medical school, or*

25 *“(ii) for which payment may be made*

1 under part B, but only if such hospital pays to
2 the medical school at least the reasonable cost of
3 such services to the medical school.

4 “(D) Where (i) physicians furnish services
5 which are either inpatient hospital services (includ-
6 ing services in conjunction with the teaching pro-
7 grams of such hospital) by reason of paragraph
8 (7) of subsection (b) or for which entitlement exists
9 by reason of clause (II) of section 1832(a)(2)
10 (B)(i) and (ii) such hospital (or medical school
11 under arrangement with such hospital) incurs no
12 actual cost in the furnishing of such services, the
13 reasonable cost of such services shall (under regula-
14 tions of the Secretary) be deemed to be the cost such
15 hospital or medical school would have incurred had
16 it paid a salary to such physicians rendering such
17 services approximately equivalent to the average
18 salary paid to all physicians employed by such hos-
19 pital (or if such employment does not exist, or is
20 minimal in such hospital, by similar hospitals in a
21 geographic area of sufficient size to assure reason-
22 able inclusion of sufficient physicians in develop-
23 ment of such average salary).

24 (d)(1) Section 1861(u) of such Act is amended by
25 striking out the period and inserting in lieu thereof the fol-

1 following: "or for purposes of section 1814(g) and section
2 1835(e), a fund."

3 (2) So much of section 1866(a)(1) of such Act as
4 precedes subparagraph (A) is amended by inserting "(except
5 a fund designated for purposes of section 1814(g) and section
6 1835(e))" after "provider of services".

7 (e)(1) Section 1832(a)(2)(B) of such Act is amended
8 to read as follows:

9 "(B) medical and other health services fur-
10 nished by a provider of services or by others under
11 arrangements with them made by a provider of serv-
12 ices, excluding—

13 "(i) physician services except where fur-
14 nished by—

15 "(I) a resident or intern of a hospital,
16 or

17 "(II) a physician to a patient in a
18 hospital which has a teaching program ap-
19 proved as specified in paragraph (6) of sec-
20 tion 1861(b) (including services in con-
21 junction with the teaching programs of such
22 hospital), unless either clause (A) (whether
23 or not such patient is an inpatient of such
24 hospital), or

1 (B) of paragraph (7) of such section is
2 met, and

3 (ii) services for which payment may be
4 made pursuant to section 1835(b)(2); and”.

5 (2)(A) So much of section 1835(a) of the Social
6 Security Act as precedes paragraph (1) is amended by strik-
7 ing “subsections (b) and (c),” and inserting in lieu thereof
8 “subsections (b), (c), and (e),”.

9 (B) Section 1835 is further amended by adding at
10 the end thereof the following new subsection:

11 “(e) For purposes of services (1) which are inpatient
12 hospital services by reason of paragraph (7) of section 1861
13 (b) or for which entitlement exists by reason of clause 11 of
14 section 1802(a)(2)(B)(i), and (2) for which the reason-
15 able cost thereof is determined under section 1861(v)(1)(D),
16 payment under this part shall be made to such fund as may be
17 designated by the organized medical staff of the hospital in
18 which such services were furnished or, if such services were
19 furnished in such hospital by the faculty of a medical school,
20 to such fund as may be designated by such faculty, but only if—

21 “(1) such hospital has an agreement with the
22 Secretary under section 1866, and

23 “(2) the Secretary has received written assurances
24 that such payment will be used by such fund solely for
25 the improvement of care to patients in such hospital
26 or for educational or charitable purposes and (B) the

1 *individuals who were furnished such services or any*
 2 *other persons will not be charged for such services (or if*
 3 *charged provision will be made for return of any moneys*
 4 *incorrectly collected)."*

5 *(3) Section 1842 of such Act is amended by inserting*
 6 *after "which involve payments for physicians' services" the*
 7 *following: "on a reasonable charge basis".*

8 *(f) The amendments made by this section shall apply*
 9 *with respect to accounting periods beginning after June 30,*
 10 *1971.*

11 **AUTHORITY OF SECRETARY TO TERMINATE PAYMENTS**
 12 **TO SUPPLIERS OF SERVICES**

13 **SEC. 227. (a)** Section 1862 of the Social Security Act
 14 *(as amended by section 201 of this Act) is further amended*
 15 *by adding at the end thereof the following new subsection:*

16 *"(d) (1) No payment may be made under this title*
 17 *with respect to any item or services furnished to an individ-*
 18 *ual by a person where the Secretary determines under this*
 19 *subsection that such person—*

20 *"(A) has made, or caused to be made, any false*
 21 *statement or representation of a material fact for use in*
 22 *an application for payment under this title or for use in*
 23 *determining the right to a payment under this title;*

24 *"(B) has submitted, or caused to be submitted, bills*
 25 *or requests for payment under this title containing*

1 charges (or in applicable cases requests for payment of
2 costs to such person) for services rendered which the
3 Secretary finds, with the concurrence of the appropriate
4 program review team appointed pursuant to paragraph
5 ~~(4)~~, (4) (*except in the case of a provider of services*) to
6 be substantially in excess of such person's customary
7 charges (or in applicable cases substantially in excess of
8 such person's costs) for such services, unless the Secre-
9 tary finds there is good cause for such bills or requests
10 containing such charges (or in applicable cases, such
11 costs) ; or

12 “(C) has furnished services or supplies which are
13 determined by the Secretary, with the concurrence of
14 the members of the appropriate program review team
15 appointed pursuant to paragraph (4) who are physi-
16 cians or other professional personnel in the health care
17 field, to be ~~substantially~~ grossly in excess of the needs of
18 individuals or to be harmful to individuals or to be of a
19 grossly inferior quality.

20 “(2) A determination made by the Secretary under
21 this subsection shall be effective at such time and upon such
22 reasonable notice to the public and to the person furnishing
23 the services involved as may be specified in regulations. Such
24 determination shall be effective with respect to services fur-
25 nished to an individual on or after the effective date of such

1 determination (except that in the case of inpatient hospital
2 services, posthospital extended care services, and home
3 health services such determination shall be effective in the
4 manner provided in section 1866(b) (3) and (4) with
5 respect to terminations of agreements), and shall remain in
6 effect until the Secretary finds and gives reasonable notice
7 to the public that the basis for such determination has been
8 removed and that there is reasonable assurance that it will
9 not recur.

10 “(3) Any person furnishing services described in para-
11 graph (1) who is dissatisfied with a determination made by
12 the Secretary under this subsection shall be entitled to rea-
13 sonable notice and opportunity for a hearing thereon by
14 the Secretary to the same extent as is provided in section
15 205(b), and to judicial review of the Secretary’s final deci-
16 sion after such hearing as is provided in section 205(g).

17 “(4) For the purposes of paragraph (1) (B) and (C)
18 of this subsection, and clause (F) of section 1866(b) (2),
19 the Secretary shall, after consultation with appropriate State
20 and local professional societies, the appropriate carriers and
21 intermediaries utilized in the administration of this title, and
22 consumer representatives familiar with the health needs of
23 residents of the State, appoint one or more program review
24 teams (composed of physicians, other professional personnel

1 in the health care field, and consumer representatives) in
2 each State which shall, among other things—

3 “(A) undertake to review such statistical data on
4 program utilization as may be submitted by the
5 Secretary,

6 “(B) submit to the Secretary periodically, as may
7 be prescribed in regulations, a report on the results of
8 such review, together with recommendations with re-
9 spect thereto,

10 “(C) undertake to review particular cases where
11 there is a likelihood that the person or persons furnishing
12 services and supplies to individuals may come within the
13 provisions of paragraph (1) (B) and (C) of this sub-
14 section or clause (F) of section 1866 (b) (2), and

15 “(D) submit to the Secretary periodically, as may
16 be prescribed in regulations, a report of cases reviewed
17 pursuant to subparagraph (C) along with an analysis of,
18 and recommendations with respect to, such cases.”

19 (b) Section 1866 (b) (2) of such Act is amended by
20 striking out the period at the end thereof and inserting in
21 lieu thereof the following: “, or (D) that such provider
22 has made, or caused to be made, any false statement or rep-
23 resentation of a material fact for use in an application for
24 payment under this title or for use in determining the right
25 to a payment under this title, or (E) that such provider

1 has submitted, or caused to be submitted, requests for pay-
2 ment under this title of amounts for rendering services sub-
3 stantially in excess of the costs incurred by such provider
4 for rendering such services, or (F) that such provider has
5 furnished services or supplies which are determined by the
6 Secretary, with the concurrence of the members of the
7 appropriate program review team appointed pursuant to
8 section 1862 (d) (4) who are physicians or other profes-
9 sional personnel in the health care field, to be ~~substantially~~
10 *grossly* in excess of the needs of individuals or to be harmful
11 to individuals or to be of a grossly inferior quality.”

12 (c) Section 1903 (g) of such Act (as added by section
13 224 (b) of this Act) is further amended by striking out “shall
14 not be made” and all that follows and inserting in lieu thereof
15 the following: “shall not be made—

16 “(1) with respect to any amount paid for items or
17 services furnished under the plan after ~~June 30, 1970,~~
18 *July 1, 1971*, to the extent that such amount exceeds
19 the charge which would be determined to be reasonable
20 for such items or services under the third, fourth, and
21 fifth sentences of section 1842 (b) (3); or

22 “(2) with respect to any amount paid for services
23 furnished under the plan after ~~June 30, 1970,~~ *July 1,*
24 *1971*, by a provider or other person during any period of
25 time, if payment may not be made under title XVIII

1 with respect to services furnished by such provider or
 2 person during such period of time solely by reason of a
 3 determination by the Secretary under section 1862 (d)
 4 (1) or under clause (D), (E), or (F) of section
 5 1866 (b) (2).”

6 (d) Section 506 (f) of such Act (as added by section
 7 224 (c) of this Act) is further amended by striking out “no
 8 payment shall be made” and all that follows and inserting in
 9 lieu thereof the following: “no payment shall be made to
 10 any State thereunder—

11 “(1) with respect to any amount paid for items
 12 or services furnished under the plan after ~~June 30, 1970,~~
 13 *July 1, 1971*, to the extent that such amount exceeds the
 14 charge which would be determined to be reasonable for
 15 such items or services under the third, fourth, and fifth
 16 sentences of section 1842 (b) (3) ; or

17 “(2) with respect to any amount paid for services
 18 furnished under the plan after ~~June 30, 1970,~~ *July 1,*
 19 *1971*, by a provider or other person during any period
 20 of time, if payment may not be made under title XVIII
 21 with respect to services furnished by such provider or
 22 person during such period of time solely by reason of a
 23 determination by the Secretary under section 1862 (d)
 24 (1) or under clause (D), (E), or (F) of section
 25 1866 (b) (2).”

1 ELIMINATION OF REQUIREMENT THAT STATES MOVE
2 TOWARD COMPREHENSIVE MEDICAID PROGRAMS

3 SEC. 228. Section 1903 (e) of the Social Security Act,
4 and section 2 (b) of Public Law 91-56 (approved August
5 9, 1969), are repealed.

6 DETERMINATION OF REASONABLE COST OF INPATIENT
7 HOSPITAL SERVICES UNDER MEDICAID AND MATERNAL
8 AND CHILD HEALTH PROGRAMS

9 SEC. 229. (a) Section 1902 (a) (13) (D) of the Social
10 Security Act is amended to read as follows:

11 " (D) for payment of the reasonable cost of in-
12 patient hospital services provided under the plan, as
13 determined in accordance with methods and stand-
14 ards which shall be developed by the State and in-
15 cluded in the plan and shall not result in any part
16 of the cost of any such services provided to indi-
17 viduals covered by the plan being borne by indi-
18 viduals not so covered or in any part of the cost
19 of any such services provided to individuals not so
20 covered being borne by the plan, except that the
21 reasonable cost of any such services as determined
22 under such methods and standards shall not exceed
23 the amount which would be determined under
24 section 1861 (v) as the reasonable cost of such
25 services for purposes of title XVIII;".

1 (b) Section 505 (a) (6) of such Act is amended to read
2 as follows:

3 “(6) provides for payment of the reasonable cost of
4 inpatient hospital services provided under the plan, as
5 determined in accordance with methods and standards
6 which shall be developed by the State and included in the
7 plan and shall not result in any part of the cost of any
8 such services provided to individuals covered by the plan
9 being borne by individuals not so covered or in any part
10 of the costs of any such services provided to individuals
11 not so covered being borne by the plan, except that the
12 reasonable cost of any such services as determined under
13 such methods and standards shall not exceed the amount
14 which would be determined under section 1861 (v) as
15 the reasonable cost of such services for purposes of title
16 XVIII;”.

17 (c) The amendments made by this section shall be
18 effective July 1, 1971 (or earlier if the State plan so pro-
19 vides).

20 AMOUNT OF PAYMENTS WHERE CUSTOMARY CHARGES FOR
21 SERVICES FURNISHED ARE LESS THAN REASONABLE
22 COST

23 SEC. 230. (a) Section 1814 (b) of the Social Security
24 Act is amended to read as follows:

1 “Amount Paid to Providers.

2 “(b) The amount paid to any provider of services with
3 respect to services for which payment may be made under
4 this part shall, subject to the provisions of section 1813,
5 be—

6 “(1) the lesser of (A) the reasonable cost of such
7 services, as determined under section 1861 (v), or (B)
8 the customary charges with respect to such services; or

9 “(2) if such services are furnished by a public
10 provider of services free of charge or at nominal charges
11 to the public, the amount determined on the basis of
12 those items (specified in regulations prescribed by the
13 Secretary) included in the determination of such reason-
14 able cost which the Secretary finds will provide fair com-
15 pensation to such provider for such services.”

16 (b) Section 1833 (a) (2) of such Act is amended to
17 read as follows:

18 “(2) in the case of services described in section
19 1832 (a) (2)—80 percent of—

20 “(A) the lesser of (i) the reasonable cost of
21 such services, as determined under section 1861 (v),
22 or (ii) the customary charges with respect to such
23 services; or

24 “(B) if such services are furnished by a public

1 provider of services free of charge or at nominal
2 charges to the public, the amount determined in
3 accordance with section 1814 (b) (2).”

4 (c) Section 1903 (g) of such Act (as added by section
5 224 (b) and amended by section 227 (c) of this Act) is fur-
6 ther amended by striking out the period at the end of para-
7 graph (2) and inserting in lieu thereof “; or”, and by
8 adding after paragraph (2) the following new paragraph:

9 “(3) with respect to any amount expended for in-
10 patient hospital services furnished under the plan to the
11 extent that such amount exceeds the hospital’s customary
12 charges with respect to such services or (if such services
13 are furnished under the plan by a public institution free
14 of charge or at nominal charges to the public) exceeds
15 an amount determined on the basis of those items (speci-
16 fied in regulations prescribed by the Secretary) included
17 in the determination of such payment which the Sec-
18 retary finds will provide fair compensation to such insti-
19 tution for such services.”

20 (d) Section 506 (f) of such Act (as added by section
21 224 (c) and amended by section 227 (d) of this Act) is
22 further amended by striking out the period at the end of para-
23 graph (2) and inserting in lieu thereof “; or”, and by
24 adding after paragraph (2) the following new paragraph:

25 “(3) with respect to any amount expended for in-

1 patient hospital services furnished under the plan to the
2 extent that such amount exceeds the hospital's customary
3 charges with respect to such services or (if such services
4 are furnished under the plan by a public institution free
5 of charge or at nominal charges to the public) exceeds
6 an amount determined on the basis of those items (speci-
7 fied in regulations prescribed by the Secretary) in-
8 cluded in the determination of such payment which the
9 Secretary finds will provide fair compensation to such
10 institution for such services."

11 (e) Clause (2) of the second sentence of section 509 (a)
12 of such Act (as amended by section 221 (c) (3) of this Act)
13 is further amended by inserting "(A)" before "the reason-
14 able cost", and by inserting after "under the project," the
15 following: "or (B) if less, the customary charges with
16 respect to such services provided under the project, or (C)
17 if such services are furnished under the project by a public
18 institution free of charge or at nominal charges to the public,
19 an amount determined on the basis of those items (specified
20 in regulations prescribed by the Secretary) included in the
21 determination of such reasonable cost which the Secretary
22 finds will provide fair compensation to such institution for
23 such services".

24 (f) The amendments made by subsections (a) and (b)
25 shall apply to services furnished by hospitals and extended

1 care facilities in accounting periods beginning after June 30,
 2 ~~1970~~ 1971, and to services furnished by home health agen-
 3 cies in accounting periods beginning after June 30, ~~1970~~
 4 1971. The amendments made by subsections (c), (d), and
 5 (e) shall apply with respect to services furnished ~~in calendar~~
 6 ~~quarters by hospitals in accounting periods~~ beginning after
 7 June 30, ~~1970~~ 1971.

8 INSTITUTIONAL PLANNING UNDER MEDICARE PROGRAM

9 SEC. 231. (a) The first sentence of section 1861 (e) of
 10 the Social Security Act is amended—

11 (1) by striking out “and” at the end of paragraph
 12 (7) ;

13 (2) by redesignating paragraph (8) as paragraph
 14 (9) ; and

15 (3) by inserting after paragraph (7) the following
 16 new paragraph:

17 “(8) has in effect an overall plan and budget that
 18 meets the requirements of subsection (z) ; and”.

19 (b) Section 1861 (f) (2) of such Act is amended to
 20 read as follows:

21 “(2) satisfies the requirements of paragraphs (3)
 22 through (9) of subsection (e) ;”.

23 (c) Section 1861 (g) (2) of such Act is amended to
 24 read as follows:

25 “(2) satisfies the requirements of paragraphs (3)
 26 through (9) of subsection (e) ;”.

1 (d) The first sentence of section 1861 (j) of such Act
2 is amended—

3 (1) by striking out “and” at the end of paragraph
4 (9) ;

5 (2) by redesignating paragraph (10) as paragraph
6 (11) ; and

7 (3) by inserting after paragraph (9) the following
8 new paragraph:

9 “(10) has in effect an overall plan and budget
10 that meets the requirements of subsection (z) ; and”.

11 (e) Section 1861 (o) of such Act is amended—

12 (1) by striking out “and” at the end of paragraph
13 (4) ;

14 (2) by redesignating paragraph (5) as paragraph
15 (6) ; and

16 (3) by inserting after paragraph (4) the following
17 new paragraph:

18 “(5) has in effect an overall plan and budget that
19 meets the requirements of subsection (z) ; and”.

20 (f) Section 1861 of such Act is further amended by
21 adding at the end thereof the following new subsection:

22 “Institutional Planning

23 “(z) An overall plan and budget of a hospital, extended
24 care facility, or home health agency shall be considered suffi-
25 cient if it—

1 “(1) provides for an annual operating budget
2 which includes all anticipated income and expenses re-
3 lated to items which would, under generally accepted ac-
4 counting principles, be considered income and expense
5 items (*except that nothing in this paragraph shall require*
6 *that there be prepared, in connection with any budget, an*
7 *item-by-item identification of each type of the components*
8 *of each such type of anticipated expenditure or income*);

9 “(2) provides for a capital expenditures plan for at
10 least a 3-year period (including the year to which the
11 operating budget described in subparagraph (1) is ap-
12 plicable) which includes and identifies in detail the an-
13 ticipated sources of financing for, and the objectives of,
14 each anticipated expenditure in excess of \$100,000 re-
15 lated to the acquisition of land, the improvement of land,
16 buildings, and equipment, and the replacement, modern-
17 ization, and expansion of buildings and equipment which
18 would, under generally accepted accounting principles,
19 be considered capital items;

20 “(3) provides for review and updating at least
21 annually; and

22 “(4) is prepared, under the direction of the gov-
23 erning body of the institution or agency, by a committee
24 consisting of representatives of the governing body, the
25 administrative staff, and the medical staff (if any) of
26 the institution or agency.”

1 (g) (1) Section 1814 (a) (2) (C) and section 1814
2 (a) (2) (D) of such Act are each amended by striking out
3 “and (8)” and inserting in lieu thereof “and (9)”.

4 (2) Section 1863 of such Act is amended by striking
5 out “subsections (e) (8), (f) (4), (g) (4), (j) (10), and
6 (o) (5)” and inserting in lieu thereof “subsections (e) (9),
7 (f) (4), (g) (4), (j) (11), and (o) (6)”.

8 (h) Section 1865 of such Act is amended—

9 (1) by striking out “(except paragraph (6) there-
10 of)” in the first sentence and inserting in lieu thereof
11 “(except paragraphs (6) and (8) thereof)”, and

12 (2) by striking out the second sentence and insert-
13 ing in lieu thereof the following: “If such Commission,
14 as a condition for accreditation of a hospital, (1) re-
15 quires a utilization review plan as defined in section
16 1861 (k) or imposes another requirement which serves
17 substantially the same purpose, or (2) requires insti-
18 tutional plans as defined in section 1861 (z) or imposes
19 another requirement which serves substantially the same
20 purpose, the Secretary is authorized to find that all
21 institutions so accredited by the Commission comply
22 also with section 1861 (e) (6) or 1861 (e) (8), as the
23 case may be.”

24 (i) The amendments made by this section shall apply
25 with respect to any provider of services for fiscal years (of

1 such provider) ~~beginning after the fifth month following~~
 2 ~~the month in which this Act is enacted for fiscal years begin-~~
 3 ~~ning after June 30, 1971.~~

4 PAYMENTS TO STATES UNDER MEDICAID PROGRAMS FOR
 5 INSTALLATION AND OPERATION OF CLAIMS PROC-
 6 ESSING AND INFORMATION RETRIEVAL SYSTEMS

7 SEC. 232. (a) Section 1903 (a) of the Social Security
 8 Act is amended by redesignating paragraph (3) as para-
 9 graph (4), and by inserting after paragraph (2) the
 10 following new paragraph:

11 “(3) an amount equal to—

12 “(A) 90 per centum of so much of the sums
 13 expended during such quarter as are attributable
 14 to the design, development, or installation of such
 15 mechanized claims processing and information re-
 16 trieval systems as the Secretary determines are
 17 likely to provide more efficient, economical, and
 18 effective administration of the plan and to be com-
 19 patible with the claims processing and information
 20 retrieval systems utilized in the administration of
 21 title XVIII, including the State’s share of the cost
 22 of installing such a system to be used jointly in the
 23 administration of such State’s plan and the plan of
 24 any other State approved under this title, and

25 “(B) 75 per centum of so much of the sums

expended during such quarter as are attributable to the operation of systems of the type described in subparagraph (A) (whether or not designed, developed, or installed with assistance under such subparagraph) which are approved by the Secretary and which include provision for prompt written notice to each individual who is furnished services covered by the plan of the specific services so covered, the name of the person or persons furnishing the services, the date or dates on which the services were furnished, and the amount of the payment or payments made under the plan on account of the services; plus”.

(b) The amendments made by subsection (a) shall apply with respect to expenditures under State plans approved under title XIX of the Social Security Act made after June 30, ~~1970~~ 1971.

~~ADVANCE APPROVAL OF EXTENDED CARE AND HOME~~

~~HEALTH COVERAGE UNDER MEDICARE PROGRAM~~

~~SEC. 233.~~ (a) Section 1862 of the Social Security Act (as amended by sections 201 and 227(a) of this Act) is further amended by adding at the end thereof the following new subsection:

“(c)(1) In any case where post-hospital extended care

1 services or post-hospital home health services are furnished
2 to an individual and—

3 “~~(A)~~ a physician provides the certification referred
4 to in subparagraph ~~(C)~~ or ~~(D)~~ of section 1814(a)-
5 ~~(2)~~; as the case may be, and the condition of the indi-
6 vidual with respect to which such certification is made is
7 a condition designated in regulations,

8 “~~(B)~~ such physician ~~(in the case of such extended~~
9 ~~care services)~~ submitted to the extended care facility
10 which is to provide such services, prior to the admission
11 of such individual to such facility, a plan for the furnish-
12 ing of such services, or ~~(in the case of such home health~~
13 ~~services)~~ submitted to the home health agency which
14 is to furnish such services, prior to the first visit to such
15 individual, a plan specifying the type and frequency of
16 the services required, and

17 “~~(C)~~ there is compliance with such other require-
18 ments and procedures as may be specified in regulations,
19 the provisions of paragraphs ~~(1)~~ and ~~(9)~~ of subsection ~~(a)~~-
20 shall not apply ~~(except as may be provided in section 1814~~
21 ~~(a)-(7))~~ for such periods of time, with respect to such
22 conditions of the individual, as may be prescribed in regu-
23 lations.

24 “~~(2)~~ In specifying the conditions included under para-
25 graph ~~(1)~~ and the periods for which paragraphs ~~(1)~~ and

1 ~~(9)~~ of subsection ~~(a)~~ shall not apply; the Secretary shall
 2 take into account the medical severity of such conditions;
 3 the period over which such conditions generally require the
 4 services specified in subparagraphs ~~(C)~~ and ~~(D)~~ of section
 5 1814(a)(2); the length of stay in an institution generally
 6 needed for the treatment of such conditions; and such other
 7 factors affecting the type of care to be provided as the
 8 Secretary deems pertinent.

9 “~~(3)~~ If the Secretary determines with respect to a
 10 physician that such physician is submitting with some fre-
 11 quency ~~(A)~~ erroneous certifications that individuals have
 12 conditions designated in regulations as provided in this sub-
 13 section or ~~(B)~~ plans for providing services which are in-
 14 appropriate; the provisions of paragraph ~~(1)~~ shall not apply;
 15 after the effective date of such determination, in any case
 16 in which such physician submits a certification or plan re-
 17 ferred to in subparagraph ~~(A)~~ or ~~(B)~~ of such paragraph.”

18 ~~(b)~~ The amendments made by this section shall be
 19 effective with respect to admissions to extended care facili-
 20 ties, and home health plans initiated, on or after January 1,
 21 1971.

22 *PAYMENT FOR EXTENDED CARE AND HOME HEALTH*

23 *SERVICES*

24 *SEC. 233. (a)(1) Section 1814(a)(2)(C) of the So-*
 25 *cial Security Act is amended by striking the phrase, “skilled*

1 nursing care on a continuing basis” and inserting in lieu
2 thereof, “posthospital institutional care which requires the
3 continuing availability of skilled nursing and related skilled
4 services”;

5 (2) Section 1814 of such Act (as amended by section
6 226 of this Act) is amended by adding at the end thereof
7 the following new subsections:

8 “Payment for Posthospital Extended Care Services

9 “(h) An individual shall be presumed to require the
10 care specified in subsection (a)(2)(C) of this section and
11 payment shall be made to an extended care facility (subject
12 to the provisions of section 1812) for posthospital extended
13 care services which are furnished by such facility to such
14 individual if—

15 “(1) the certification referred to in subsection (a)
16 (2)(C) of this section is submitted for approval in timely
17 fashion prior to the time of admission of such individual
18 to such extended care facility, and

19 “(2) such certification is accompanied by (A) a
20 plan of treatment for providing such services, and (B)
21 as may be required by regulations, an estimate of the
22 period for which such services will be required, and

23 “(3) there has not been a finding prior to or at the
24 time of such admission by a review group desig-

1 nated by the Secretary that such individual does not
2 require the care specified in subsection (a)(2)(C) of
3 this section,

4 but only for services furnished—

5 “(4) during the first ten days of the individual’s
6 stay in the extended care facility, or

7 “(5) if less, during such period as may be certified
8 under subparagraph (2)(B) or as may be approved by
9 the review group under paragraph (3).

10 A similar presumption and payment for services furnished
11 thereafter (for such number of days as are specifically ap-
12 proved by the review group) shall be made pursuant to the
13 preceding sentence if, prior to the third day before the last
14 day for which such payment may be made or (if earlier) a
15 day specified by such review group, appropriate medical and
16 related evidence is submitted on the basis of which such review
17 group finds that such individual continues to require for a
18 period determined in accordance with paragraph (4) or (5)
19 the care specified in subsection (a)(2)(C) of this section;
20 except that where such evidence is submitted in timely fashion
21 but does not support such a finding, payment may be made
22 for such services as are furnished by such extended care fa-
23 cility before the third day after the day on which such facility
24 receives notice of the review group’s determination.

1 *“Payment for Posthospital Home Health Services*

2 *“(i) An individual shall be presumed to require the*
 3 *services specified in subsection (a)(2)(D) of this section*
 4 *and payment shall be made to a home health agency (subject*
 5 *to the provisions of section 1812) for posthospital home*
 6 *health services furnished by such agency to such individual*
 7 *if—*

8 *“(1) the certification and plan referred to in sub-*
 9 *section (a)(2)(D) of this section, accompanied by such*
 10 *estimate of the number of visits which will be required*
 11 *by such individual as may be required in regulations, is*
 12 *submitted in timely fashion prior to the first visit by*
 13 *such agency, and*

14 *“(2) there has not been a finding prior to such first*
 15 *visit by a review group designated by the Secretary that*
 16 *such individual does not require skilled nursing care on*
 17 *an intermittent basis or physical or speech therapy,*
 18 *but only for services furnished—*

19 *“(3) during the first ten such visits, or*

20 *“(4) if less, for such number of visits as may be*
 21 *certified under paragraph (1) and as may be approved*
 22 *by the review group under paragraph (2).*

23 *A similar presumption and payment for services furnished*
 24 *(for such number of visits as are specifically approved by the*

1 review group) during subsequent visits by such agency shall
 2 be made pursuant to the preceding sentence if, prior to the
 3 seventh day before the final visit for which such payment may
 4 be made or (if earlier) a day specified by such review group,
 5 appropriate medical and related evidence is submitted on the
 6 basis of which such review group finds that such individual
 7 continues for a number of visits determined in accordance with
 8 paragraph (3) or (4) to require skilled nursing care on
 9 an intermittent basis or physical or speech therapy; except
 10 that where such evidence is submitted in timely fashion, but
 11 does not support such a finding, payment may be made for
 12 such services as are furnished by such home health agency
 13 before the day on which such agency receives notice of the
 14 review group's determination."

15 (3) Section 1835 of such Act is amended by adding at
 16 the end thereof the following new subsection:

17 "(e) An individual shall be presumed to require the
 18 services specified in subsection (a)(2)(A) of this section and
 19 payment shall be made to a home health agency (subject to
 20 the provisions of section 1832) for home health services fur-
 21 nished by such agency to such individual if—

22 "(1) the certification and plan referred to in sub-
 23 section (a)(2)(A) of this section, accompanied by such
 24 estimate of the number of visits which will be required

1 *by such individuals as may be required by regulations,*
2 *is submitted in timely fashion prior to the first visit by*
3 *such agency, and*

4 *“(2) there has not been a finding prior to such*
5 *first visit by a review group designated by the Secretary*
6 *that such individual does not require skilled nursing care*
7 *on an intermittent basis or physical or speech therapy,*
8 *but only for services furnished—*

9 *“(3) during the first ten such visits, or*

10 *“(4) if less, for such number of such visits as may*
11 *be certified under paragraph (1) or as may be approved*
12 *by the review group under paragraph (2).*

13 *Payment for services furnished during subsequent visits (for*
14 *such number of visits as are specifically approved by the*
15 *review group) by such agency shall be made pursuant to the*
16 *preceding sentence if, prior to the seventh day before the final*
17 *visit for which such payment may be made or (if earlier) a*
18 *day specified by such review group, appropriate medical and*
19 *related evidence is submitted on the basis of which such review*
20 *group finds that such individual continues to require for a*
21 *number of visits determined in accordance with paragraph*
22 *(3) or (4) skilled nursing care on an intermittent basis or*
23 *physical or speech therapy; except that where such evidence is*
24 *submitted in timely fashion, but does not support such a find-*
25 *ing, payment may be made for such services as are furnished*

1 *by such home health agency before the day on which such*
 2 *agency receives notice of the review group's determination.*
 3 *The amendments made by this section shall apply to plans of*
 4 *care initiated after June 30, 1971."*

5 PROHIBITION AGAINST REASSIGNMENT OF CLAIMS TO
 6 BENEFITS

7 SEC. 234. (a) Section 1842 (b) of the Social Security
 8 Act is amended by adding at the end thereof the following
 9 new paragraph:

10 " (5) No payment ~~under this part for a service provided~~
 11 ~~to any individual shall (except as provided in section 1870)~~
 12 ~~be made to anyone other than such individual or (pursuant~~
 13 ~~to an assignment described in subparagraph (B) (ii) of~~
 14 ~~paragraph (3)) the physician or other person who provided~~
 15 ~~the service, except that payment may be made (A) to the~~
 16 *for a service shall be made pursuant to an assignment under*
 17 *subparagraph (B) (ii) of paragraph (3) of this subsection*
 18 *or under subsection (f) of section 1870 to anyone other than*
 19 *the physician or other person who furnishes the service, ex-*
 20 *cept that payment may be made (A) to the employer of such*
 21 *physician or other person if such physician or other person*
 22 *is required as a condition of his employment to turn over*
 23 *his fee for such service to his employer, or (B) (where*
 24 *the service was provided in a hospital, clinic, or other*
 25 *facility) to the facility in which the service was provided*

1 if there is a contractual arrangement between such physi-
2 cian or other person and such facility under which such
3 facility submits the bill for such service.”

4 (b) Section 1902 (a) of such Act is amended—

5 (1) by striking out “and” at the end of paragraph
6 (29) ;

7 (2) by striking out the period at the end of para-
8 graph (30) and inserting in lieu thereof “; and”; and

9 (3) by inserting after paragraph (30) the follow-
10 ing new paragraph:

11 “(31) provide that no payment under the plan for
12 any care or service provided to an individual by a phy-
13 sician, dentist, or other individual practitioner shall be
14 made to anyone other than such individual or such phy-
15 sician, dentist, or practitioner, except that payment may
16 be made (A) to the employer of such physician, dentist,
17 or practitioner if such physician, dentist, or practitioner is
18 required as a condition of his employment to turn over
19 his fee for such care or service to his employer, or (B)
20 (where the care or service was provided in a hospital,
21 clinic, or other facility) to the facility in which the care
22 or service was provided if there is a contractual arrange-
23 ment between such physician, dentist, or practitioner and
24 such facility under which such facility submits the bill
25 for such care or service.”

1 (c) The amendment made by subsection (a) shall ap-
2 ply with respect to bills submitted and requests for payments
3 made after ~~the date of the enactment of this Act~~ *February*
4 *28, 1971*. The amendments made by subsection (b) shall
5 be effective July 1, 1971 (or earlier if the State plan so
6 provides).

7 UTILIZATION REVIEW REQUIREMENTS FOR HOSPITALS AND
8 SKILLED NURSING HOMES UNDER MEDICAID AND MA-
9 TERNAL AND CHILD HEALTH PROGRAMS

10 SEC. 235. (a) (1) Section 1903 (g) of the Social Se-
11 curity Act (as added by section 224 (b) and amended by
12 sections 227 (c) and 230 (c) of this Act) is further amended
13 by striking out the period at the end of paragraph (3) and
14 inserting in lieu thereof “; or”, and by adding after para-
15 graph (3) the following new paragraph:

16 “(4) with respect to any amount expended for care
17 or services furnished under the plan by a hospital or
18 skilled nursing home unless such hospital or skilled nurs-
19 ing home has in effect a utilization review plan which
20 meets the requirements imposed by section 1861 (k) for
21 purposes of title XVIII; and if such hospital or skilled
22 nursing home has in effect such a utilization review plan
23 for purposes of title XVIII, such plan shall serve as the
24 plan required by this subsection (with the same stand-

1 ards and procedures and the same review committee or
2 group) as a condition of payment under this title.”

3 (2) Section 1902 (a) (30) of such Act is amended by
4 inserting “(including but not limited to utilization review
5 plans as provided for in section 1903 (g) (4))” after “plan”
6 where it first appears.

7 (b) Section 506 (f) of such Act (as added by section
8 224 (c) and amended by sections 227 (d) and 230 (d) of
9 this Act) is further amended by striking out the period at
10 the end of paragraph (3) and inserting in lieu thereof “;
11 or”, and by adding after paragraph (3) the following new
12 paragraph:

13 “(4) with respect to any amount expended for
14 services furnished under the plan by a hospital unless
15 such hospital has in effect a utilization review plan which
16 meets the requirement imposed by section 1861 (k) for
17 purposes of title XVIII; and if such hospital has in
18 effect such a utilization review plan for purposes of title
19 XVIII, such plan shall serve as the plan required by
20 this subsection (with the same standards and procedures
21 and the same review committee or group) as a condition
22 of payment under this title.”

23 (c) (1) The amendments made by subsections (a) (1)
24 and (b) shall apply with respect to services furnished in
25 calendar quarters beginning after June 30, 1971.

1 (2) The amendment made by subsection (a) (2) shall
2 be effective July 1, 1971.

3 ELIMINATION OF REQUIREMENT THAT COST-SHARING
4 CHARGES IMPOSED ON INDIVIDUALS OTHER THAN CASH
5 RECIPIENTS UNDER MEDICAID BE RELATED TO THEIR
6 INCOME

7 SEC. 236. (a) Section 1902(a) (14) of the Social
8 Security Act is amended to read as follows:

9 “(14) provide that in the case of individuals re-
10 ceiving aid or assistance under State plans approved
11 under titles I, X, XIV, and XVI, and part A of title
12 IV, no deduction, cost sharing, or similar charge will
13 be imposed under the plan on the individual with respect
14 to services furnished him under the plan;”.

15 (b) The amendment made by subsection (a) shall be
16 effective January 1, 1971 (or earlier if the State plan so
17 provides).

18 NOTIFICATION OF UNNECESSARY ADMISSION TO A HOSPI-
19 TAL OR EXTENDED CARE FACILITY UNDER MEDICARE
20 PROGRAM

21 SEC. 237. (a) Section 1814(a) (7) of the Social Secu-
22 rity Act is amended by striking out “as described in section
23 1861(k) (4)” and inserting in lieu thereof “as described
24 in section 1861(k) (4), including any finding made in the

1 course of a sample or other review of admissions to the
2 institution”.

3 (b) The amendment made by subsection (a) shall apply
4 with respect to services furnished after the second month fol-
5 lowing the month in which this Act is enacted.

6 USE OF STATE HEALTH AGENCY TO PERFORM CERTAIN
7 FUNCTIONS UNDER MEDICAID AND MATERNAL AND
8 CHILD HEALTH PROGRAMS

9 SEC. 238. (a) Section 1902 (a) (9) of the Social Secu-
10 rity Act is amended to read as follows:

11 “(9) provide—

12 “(A) that the State health, or other appropri-
13 ate State medical, agency (*whichever is utilized by*
14 *the Secretary for the purpose specified in the first*
15 *sentence of section 1864(a)*) shall be responsible for
16 establishing and maintaining health standards for
17 private or public institutions in which recipients of
18 medical assistance under the plan may receive care
19 or services, and

20 “(B) for the establishment or designation of a
21 State authority or authorities which shall be respon-
22 sible for establishing and maintaining standards,
23 other than those relating to health, for such in-
24 stitutions;”.

1 (b) Section 1902 (a) of such Act (as amended by
2 section 234 (b) of this Act) is further amended—

3 (1) by striking out “and” at the end of paragraph
4 (30);

5 (2) by striking out the period at the end of para-
6 graph (31) and inserting in lieu thereof “; and”; and

7 (3) by inserting after paragraph (31), the follow-
8 ing new paragraph:

9 “(32) provide—

10 “(A) that the State health agency, or other
11 appropriate State medical agency, shall be respon-
12 sible for establishing a plan, consistent with regu-
13 lations prescribed by the Secretary, for the review
14 by appropriate professional health personnel of the
15 appropriateness and quality of care and services fur-
16 nished to recipients of medical assistance under the
17 plan in order to provide guidance with respect
18 thereto in the administration of the plan to the State
19 agency established or designated pursuant to para-
20 graph (5) and, where applicable, to the State
21 agency described in the last sentence of this sub-
22 section; and

23 “(B) that the State health agency, or, if the

1 services of another State or local agency are ~~being~~
 2 utilized by the Secretary for the purpose specified
 3 in the first sentence of section 1864 (a) , such other
 4 agency, will perform for the State agency adminis-
 5 tering or supervising the administration of the plan
 6 approved under this title the function of determining
 7 whether institutions and agencies meet the require-
 8 ments for participation in the program under such
 9 plan.”

10 (c) Section 505 (a) of such Act is amended—

11 (1) by striking out “and” at the end of paragraph
 12 (13) ;

13 (2) by striking out the period at the end of para-
 14 graph (14) and inserting in lieu thereof “; and ”; and

15 (3) by adding after paragraph (14) the following
 16 new paragraph:

17 “(15) provides—

18 “(A) that the State health agency, *or other ap-*
 19 *propriate State medical agency*, shall be responsible
 20 for establishing a plan, consistent with regulations
 21 prescribed by the Secretary, for the review by
 22 appropriate professional health personnel of the
 23 appropriateness and quality of care and services
 24 furnished to recipients of services under the plan

and, where applicable, for providing guidance with respect thereto to the other State agency referred to in paragraph (2) ; and

“(B) that the State health agency, or, if the services of another State or local agency are being utilized by the Secretary for the purpose specified in the first sentence of section 1864 (a) , such other agency, will perform the function of determining whether institutions and agencies meet the requirements for participation in the program under the plan under this title.”

(d) The amendments made by this section shall be effective July 1, 1971.

PAYMENTS TO HEALTH MAINTENANCE ORGANIZATIONS

SEC. 239. ~~(a)~~ Title XVIII of the Social Security Act is amended by adding after section 1875 the following new section:

~~“PAYMENTS TO HEALTH MAINTENANCE ORGANIZATIONS~~

~~“SEC. 1876. (a)(1) In lieu of amounts which would otherwise be payable pursuant to sections 1814(b) and 1833 (a), the Secretary is authorized to determine, by actuarial methods, as provided in this section, with respect to any health maintenance organization, a combined part A and part B, prospective, per capita rate of payment for services~~

1 provided for enrollees in such organization who are entitled
2 to hospital insurance benefits under part A and enrolled for
3 medical insurance benefits under part B.

4 “(2) Such rate of payment shall be determined annu-
5 ally in accordance with regulations, taking into account the
6 health maintenance organization's premiums with respect to
7 its other enrollees (with appropriate actuarial adjustments
8 to reflect the difference in utilization between its members
9 who are under age 65 and its members who are age 65 and
10 over) and such other pertinent factors as the Secretary may
11 prescribe in regulations, and shall be designed to provide
12 payment at a level not to exceed 95 per centum of the
13 amount that the Secretary estimates (with appropriate ad-
14 justments to assure actuarial equivalence) would be pay-
15 able for services covered under this title if such services
16 were to be furnished by other than health maintenance
17 organizations.

18 “(3) The payments to health maintenance organiza-
19 tions under this subparagraph shall be made from the Fed-
20 eral Hospital Insurance Trust Fund and the Federal Sup-
21 plementary Medical Insurance Trust Fund. The portion of
22 such payment to such an organization for a month to be paid
23 by the latter trust fund shall be equal to 200 percent of
24 the product of (A) the number of covered enrollees of such
25 organization for such month, and (B) the monthly premium

1 rate for supplementary medical insurance for such month
2 as has been determined and promulgated under section 1839
3 ~~(b)(2)~~. The remainder of such payment shall be paid by
4 the former trust fund.

5 “~~(b)~~ The term ‘health maintenance organization’ means
6 a public or private organization which—

7 “~~(1)~~ provides, either directly or through arrange-
8 ments with others, health services to enrollees on a per
9 capita prepayment basis;

10 “~~(2)~~ provides with respect to enrollees to whom
11 this section applies ~~(through institutions, entities, and~~
12 persons meeting the applicable requirements of section
13 1861) all of the services and benefits covered under
14 parts A and B of this title;

15 “~~(3)~~ provides physicians’ services directly through
16 physicians who are either employees or partners of such
17 organization or under an arrangement with an organized
18 group or groups of physicians which is or are reimbursed
19 for services on the basis of an aggregate fixed sum or on
20 a per capita basis;

21 “~~(4)~~ demonstrates to the satisfaction of the Secre-
22 tary proof of financial responsibility and proof of capa-
23 bility to provide comprehensive health care services,
24 including institutional services, efficiently, effectively,
25 and economically;

1 “(5) has enrolled members at least half of whom
2 consist of individual under age 65;

3 “(6) has arrangements for assuring that the health
4 services required by its members are received promptly
5 and appropriately and that the services that are received
6 measure up to quality standards which it establishes in
7 accordance with regulations; and

8 “(7) has an open enrollment period at least once
9 every two years, under which it accepts eligible persons
10 (as defined under subsection (d)) without underwrit-
11 ing restrictions and on a first-come first-accepted basis
12 up to the limit of its capacity (unless to do so would
13 result in failure to meet the requirement of para-
14 graph (5)).

15 “(e) the benefits provided to an individual under this
16 section shall consist of—

17 “(1) entitlement to have payment made on his
18 behalf for all services described in section 1812 and sec-
19 tion 1832 which are furnished to him by the health
20 maintenance organization with which he is enrolled pur-
21 suant to subsection (e) of this section; and

22 “(2) entitlement to have payment made by such
23 health maintenance organization to him or on his behalf
24 for such emergency services (as defined in regulations)-
25 as may be furnished to him by a physician, supplier, or

1 provider of services, other than the health maintenance
2 organization with which he is enrolled.

3 ~~“(d) Subject to the provisions of subsection (c), every~~
4 individual who is entitled to hospital insurance benefits under
5 part A and is enrolled for medical insurance benefits under
6 part B shall be eligible to enroll with a health maintenance
7 organization (as defined in subsection (b)) which serves the
8 geographic area in which such individual resides.

9 ~~“(e) An individual may enroll with a health mainte-~~
10 nance organization under this section, and may terminate
11 such enrollment, as may be prescribed by regulations.

12 ~~“(f) Any individual enrolled with a health maintenance~~
13 organization under this section who is dissatisfied by reason
14 of his failure to receive without additional cost to him any
15 health service to which he believes he is entitled shall, if
16 the amount in controversy is \$100 or more, be entitled to a
17 hearing before the Secretary to the same extent as is pro-
18 vided in section 205(b) and in any such hearing the Secre-
19 tary shall make such health maintenance organization a party
20 thereto. If the amount in controversy is \$1,000 or more, such
21 individual or health maintenance organization shall be en-
22 titled to judicial review of the Secretary's final decision after
23 such hearing as is provided in section 205(g).

24 ~~“(g)(1) If the health maintenance organization pro-~~
25 vides its enrollees under this section only the services de-

1 scribed in subsection ~~(c)~~, its premium rate for such enrollees
 2 shall not exceed the actuarial value of the cost-sharing pro-
 3 visions applicable under part A and part B.

4 “~~(2)~~ If the health maintenance organization provides
 5 its enrollees under this section with additional services over
 6 those described in subsection ~~(c)~~, it shall furnish such en-
 7 rollees with information as to the division of its premium rate
 8 between the portion applicable to such additional services
 9 and the portion applicable to the services described in sub-
 10 section ~~(c)~~, subject to the limitation that the latter portion
 11 may not exceed the actuarial value of the cost-sharing pro-
 12 visions applicable under part A and part B.”

13 ~~(b)~~ Section 1866 of such Act is amended by adding
 14 at the end thereof the following new subsection:

15 “~~(f)~~ For purposes of this section, the term ‘provider
 16 of services’ shall include a health maintenance organization
 17 if such organization meets the requirements of section 1876.”

18 ~~(c)~~ Notwithstanding the provisions of section 1833 of
 19 the Social Security Act, any health maintenance organiza-
 20 tion which has entered into an agreement with the Secre-
 21 tary pursuant to section 1866 of such Act shall, for the
 22 duration of such agreement, be entitled to reimbursement
 23 only as provided in section 1876 of such Act.

24 ~~(d)~~ The effective date of any agreement with any health
 25 maintenance organization pursuant to section 1866 of such

1 Act shall be specified in such agreement pursuant to regula-
2 tions.

3 ~~(e)(1)~~ Section 1814(a) of such Act is amended by
4 striking out “Except as provided in subsection (d),” and
5 inserting in lieu thereof the following: “Except as provided
6 in subsection (d) or in section 1876,”.

7 ~~(2)~~ Section 1833(a) of such Act is amended by striking
8 out “Subject to” and inserting in lieu thereof the following:
9 “Except as provided in section 1876, and subject to”.

10 ~~(3)~~ Section 1866(b)(2) of such Act is amended by
11 inserting after “1861” in clause (B) the following: “(or of
12 section 1876 in the case of a health maintenance organi-
13 zation)”.

14 ~~(f)~~ The amendments made by this section shall be effec-
15 tive with respect to services provided on or after January
16 1, 1971.

17 *PAYMENT TO HEALTH MAINTENANCE ORGANIZATIONS*

18 *SEC. 239. (a) Title XVIII of the Social Security Act*
19 *is amended by adding after section 1875 the following new*
20 *section:*

21 *“PAYMENTS TO HEALTH MAINTENANCE ORGANIZATIONS*

22 *“SEC. 1876. (a)(1) In lieu of amounts which would*
23 *otherwise be payable pursuant to sections 1814(b) and 1833*
24 *(a), the Secretary is authorized to determine, as provided in*

1 *this section, with respect to any health maintenance organiza-*
2 *tion, a prospective per capita rate of payment—*

3 “(A) for services provided under parts A and B
4 for individuals enrolled with such organization pursuant
5 to subsection (e) who are entitled to hospital insurance
6 benefits under part A and enrolled for medical insurance
7 benefits under part B, and

8 “(B) for services provided under part B for in-
9 dividuals enrolled with such organization pursuant to
10 subsection (e) who are not entitled to benefits under part
11 A but who are enrolled for benefits under part B.

12 “(2)(A) Each such rate of payment shall be deter-
13 mined annually in accordance with regulations, based on
14 established actuarial methods taking into account the health
15 maintenance organization’s premiums with respect to its other
16 enrollees (with appropriate actuarial adjustments to reflect
17 the difference in utilization of resources between its members
18 who are under age 65 and its members who are age 65 or
19 over) and such other pertinent factors as the Secretary may
20 prescribe in regulations, and shall be designed to provide
21 payment at a level not to exceed the lesser of—

22 “(i) The portion of such organization’s net premium
23 with respect to its members who are under age 65 which
24 represents its average per capita cost of providing bene-
25 fits to such members (excluding administrative expenses),
26 adjusted to the extent necessary to reflect the difference

1 in utilization of services between its members who are
 2 under age 65 and its members who are age 65 or over,
 3 and also, in the selection of risk arising from under-
 4 writing procedures, plus—

5 “(I) A percentage of such adjusted net premium
 6 equal to the percentage by which such organization’s
 7 weighted average premium with respect to its mem-
 8 bers who are under age 65 exceeds the portion of
 9 such premium which represents such organization’s
 10 average per capita cost of providing services to such
 11 members and its administrative expenses, or

12 “(II) If less, 150 per centum of the dollar
 13 amount by which such organization’s weighted aver-
 14 age premium rate with respect to members who are
 15 under age 65 exceeds the portion of such premium
 16 rate which represents such organization’s average
 17 per capita cost of providing services to them and its
 18 administrative expenses, or

19 “(ii) Ninety-five per centum of the amount which
 20 the Secretary estimates (with appropriate adjustment to
 21 assure actuarial equivalence) would otherwise be pay-
 22 able under this title for costs of such services (excluding
 23 administrative expenses) if they were furnished by other
 24 than health maintenance organizations.

25 “(B) In addition to the amount determined pursuant to

1 subparagraph (A), there shall be payable to a health main-
2 tenance organization a reasonable allowance for its adminis-
3 trative costs which are not normally incurred by providers of
4 services (as defined in regulations). Such allowance shall,
5 however, in no case exceed 95 per centum of the national aver-
6 age (determined on a per capita basis) of administrative costs
7 incurred by organizations described in sections 1816 and
8 1842, as determined by the Secretary on the basis of recent
9 reliable data.

10 “(C) If the conditions specified in subparagraph (D)
11 are met, the Secretary may pay any health maintenance
12 organization at the 95 per centum actuarially equivalent
13 rate specified in clause (ii) of subparagraph (A) even
14 though it may be larger than the rate specified in clause (i),
15 plus an allowance for administrative expenses as specified
16 in subparagraph (B).

17 “(D) Payment at the rate specified in subparagraph
18 (C) may be made to a health maintenance organization only
19 if such organization provides the Secretary with satisfactory
20 assurance that any amounts attributable to the difference be-
21 tween payment at such rate and payment at the rate specified
22 in subparagraph (A) will be used in full by such organization
23 for providing its enrollees under this section benefits in addi-
24 tion to those specified in subsection (c) or reducing the
25 premium rates charged to such enrollees pursuant to sub-
26 section (g).

1 “(3) The payments to health maintenance organiza-
2 tions under this subsection for each month shall be made from
3 the Federal Hospital Insurance Trust Fund and the Fed-
4 eral Supplementary Medical Insurance Trust Fund, as fol-
5 lows: The amount payable to such an organization for such
6 a month from the Federal Supplementary Medical Insurance
7 Trust Fund shall be equal to 200 percent of the product of
8 (A) the number of individuals enrolled under subsection
9 (e) with such organization for such month, and (B) the
10 monthly premium for supplementary medical insurance ap-
11 plicable for such month under section 1839(b)(2). The re-
12 mainder of such payment for such month to such organiza-
13 tion shall be paid by the Federal Hospital Insurance Trust
14 Fund. For limitation on Federal participation for capital
15 expenditures which are out of conformity with a comprehen-
16 sive plan of a State or areawide planning agency, see sec-
17 tion 1122.

18 “(b) The term ‘health maintenance organization’ means
19 a public or private organization which—

20 “(1) provides, either directly or through arrange-
21 ments with others, health services to individuals enrolled
22 with such organization under subsection (e) on a per
23 capita prepayment basis;

24 “(2) provides, to the extent applicable in subsection
25 (c) (through institutions, entities, and persons meeting

1 *the applicable requirements of section 1861), all of the*
2 *services and benefits covered under parts A and B of*
3 *this title;*

4 *“(3) provides physicians’ services (A) directly*
5 *through physicians who are either employees or partners*
6 *of such organization, or (B) under arrangements with*
7 *one or more groups of physicians (organized on a group*
8 *practice or individual practice basis) under which each*
9 *such group is reimbursed for its services primarily on the*
10 *basis of an aggregate fixed sum or on a per capita basis,*
11 *regardless of whether the individual physician members of*
12 *any such group are paid on a fee-for-service or other*
13 *basis;*

14 *“(4) demonstrates to the satisfaction of the Secre-*
15 *tary proof of financial responsibility and proof of ca-*
16 *pability to provide comprehensive health care services, in-*
17 *cluding institutional services, efficiently, effectively, and*
18 *economically;*

19 *“(5) except as provided in subsections (h) and (i),*
20 *has enrolled members at least half of whom are individ-*
21 *uals under age 65;*

22 *“(6) has arrangements for assuring that the health*
23 *services required by its members are received promptly*
24 *and appropriately and that the services which are re-*
25 *ceived meet standards of quality which it establishes in*
26 *accordance with regulations;*

1 “(7) has an open enrollment period at least
 2 every year under which it accepts up to the limits of
 3 its capacity and without restrictions, except as may be
 4 authorized in regulations, individuals who are eligible to
 5 enroll under subsection (d) in the order in which they
 6 apply for enrollment (unless to do so would result in
 7 failure to meet the requirement of paragraph (5)); and

8 “(8) (A) has an enrollment of not less than 10,000
 9 members, or (as determined by the Secretary) is ex-
 10 pected to have such enrollment within 3 years from the
 11 date such determination is made and (B) is expected to
 12 maintain such enrollment.

13 “(c) The benefits provided under this section shall con-
 14 sist of—

15 “(1) in the case of an individual who is entitled
 16 to hospital insurance benefits under part A and enrolled
 17 for medical insurance benefits under part B—

18 “(A) entitlement to have payment made on his
 19 behalf for all services described in section 1812 and
 20 section 1832 which are furnished to him by the
 21 health maintenance organization with which he is
 22 enrolled pursuant to subsection (e) of this section;
 23 and

24 “(B) entitlement to have payment made by such
 25 health maintenance organization to him or on his

1 *behalf for such emergency services and prescribed*
2 *maintenance therapy (as defined in regulations) as*
3 *may be furnished to him by a physician, supplier,*
4 *or provider of services, other than the health mainte-*
5 *nance organization with which he is enrolled;*

6 “(2) *in the case of an individual who is not entitled*
7 *to hospital insurance benefits under part A but who is*
8 *enrolled for medical insurance benefits under part B,*
9 *entitlement to have payment made for services described*
10 *in paragraph (1), but only to the extent that such serv-*
11 *ices are also described in section 1832.*

12 “(d) *Subject to the provisions of subsection (e), every*
13 *individual described in subsection (c) shall be eligible to*
14 *enroll with a health maintenance organization (as defined*
15 *in subsection (b)) which serves the geographic area in which*
16 *such individual resides.*

17 “(e) *An individual may enroll with a health mainte-*
18 *nance organization under this section, and may terminate such*
19 *enrollment, as may be prescribed by regulations.*

20 “(f) *Any individual enrolled with a health maintenance*
21 *organization under this section who is dissatisfied by reason of*
22 *his failure to receive without additional cost to him any health*
23 *service to which he believes he is entitled shall, if the amount*
24 *in controversy is \$100 or more, be entitled to a hearing before*
25 *the Secretary to the same extent as is provided in section 205*
26 *(b). In any such hearing the Secretary shall make such*

1 health maintenance organization a party thereto. If the
2 amount in controversy is \$1,000 or more, such individual or
3 health maintenance organization shall be entitled to judicial
4 review of the Secretary's final decision after such hearing as
5 provided in section 205(g).

6 “(g)(1) If the health maintenance organization pro-
7 vided its enrollees under this section only the services de-
8 scribed in subsection (c), its premium rate for such enrollees
9 shall not exceed the actuarial value of the deductible and coin-
10 surance which would otherwise be applicable to such enrollees
11 under part A and part B, if they were not enrolled under this
12 section.

13 “(2) A health maintenance organization may provide
14 additional services for which premium charges may be made,
15 but such charges must be reasonable as determined by the
16 Secretary in accordance with regulations. If the health main-
17 tenance organization provides to its enrollees under this sec-
18 tion services in addition to those described in subsection (c), it
19 shall furnish such enrollees with information on the portion
20 of its premium rate applicable to such additional services and
21 the portion applicable to the services described in subsection
22 (c). Such portion applicable to the services described in sub-
23 section (c) may not exceed the actuarial value of the deduct-
24 ible and coinsurance which would otherwise be applicable
25 to such enrollees under part A and part B if they were not
26 enrolled under this section.

1 “(h) The provisions of paragraph (5) of subsection
2 (b) shall not apply with respect to any health maintenance
3 organization for such period not to exceed five years from the
4 date such organization enters into an agreement with the
5 Secretary pursuant to subsection (j), as the Secretary may
6 permit, but only so long as such organization demonstrates
7 to the satisfaction of the Secretary by the submission of its
8 plans for each year that it is making continuous efforts and
9 progress toward achieving compliance with the provisions of
10 such paragraph (5) within such five year period.

11 “(i) The Secretary may waive the requirements of para-
12 graph (5) of subsection (b) with respect to any health main-
13 tenance organization if he finds that such organization has
14 made reasonable efforts to achieve compliance with such para-
15 graph and, that because of its geographic location or other
16 circumstances beyond its control, such organization would be
17 unable to achieve compliance with such paragraph except
18 through a reduction of enrollment under this section.

19 “(j)(1) The Secretary is authorized to enter into a
20 contract with any health maintenance organization which
21 undertakes to provide, on a per capita prepayment basis, the
22 services described in section 1832 (and section 1812, in the
23 case of individuals who are entitled to hospital insurance
24 benefits under part A) to individuals enrolled with such
25 organization pursuant to subsection (e).

1 “(2) Each contract under this section shall be for a term
2 at least one year, as determined by the Secretary, and may be
3 made automatically renewable from term to term in the absence
4 of notice by either party of intention to terminate at the end of
5 the current term; except that the Secretary may terminate any
6 such contract at any time (after such reasonable notice and
7 opportunity for hearing to the health maintenance organiza-
8 tion involved as he may provide in regulations), if he finds
9 that the health maintenance organization has failed substan-
10 tially to carry out the contract or is carrying out the contract
11 in a manner inconsistent with the efficient and effective ad-
12 ministration of this section.

13 “(3) The effective date of any contract executed pursu-
14 ant to this subsection shall be specified in such contract pursu-
15 ant to regulations.

16 “(4) Payment for services provided by any health main-
17 tenance organization to eligible enrollees under the contract
18 shall be made pursuant to subsection (a)(2) except that if
19 the Secretary determines within a three year period following
20 the termination of any accounting period of any such organi-
21 zation that the estimates made pursuant to subsection (a)(2)
22 were substantially incorrect, because they were based upon
23 erroneous data or because actuarial assumptions were mate-
24 rially different from the actual experience with the result
25 that such organization received substantially more or less

1 *than it should have received pursuant to subsection (a)(2),*
2 *the Secretary is authorized to make appropriate retroactive*
3 *adjustments in such payments.*

4 *“(5) Each contract under this section—*

5 *“(A) shall provide that the Secretary, or any per-*
6 *son or organization designated by him—*

7 *“(i) shall have the right to inspect or otherwise*
8 *evaluate the quality, appropriateness, and timeliness*
9 *of services performed under such contract; and*

10 *“(ii) shall have the right to audit and inspect*
11 *any books and records of such health maintenance*
12 *organization which pertain to services performed*
13 *under such contract; and*

14 *“(B) shall contain such other terms and conditions*
15 *not inconsistent with this section as the Secretary may*
16 *find necessary.”*

17 *(b) Notwithstanding the provisions of section 1814 and*
18 *section 1833 of the Social Security Act, any health mainte-*
19 *nance organization which has entered into an agreement with*
20 *the Secretary pursuant to section 1876 of such Act shall,*
21 *for the duration of such agreement, be entitled to reimburse-*
22 *ment only as provided in section 1876 of such Act for in-*
23 *dividuals who are members of such organization; except that*
24 *with respect to individuals who were members of such organi-*

1 zation prior to July 1, 1971, and who, although eligible to
2 have payment made pursuant to section 1876 of such Act
3 for services rendered to them, chose (in accordance with
4 regulations) not to have such payment made pursuant to such
5 section, the Secretary shall, for a period not to exceed three
6 years commencing on July 1, 1971, pay such organization
7 on the basis of prospective per capita rates, determined in
8 accordance with the provisions of section 1876(a) of such
9 Act, with appropriate actuarial adjustments to reflect the
10 difference in utilization of out-of-plan services between such
11 individuals and individuals who are enrolled with such
12 organization pursuant to section 1876 of such Act.

13 (c)(1) Section 1814(a) of such Act, as amended by
14 section 226(b) of this Act, is further amended by striking out
15 "Except as provided in subsections (d) and (g)," and insert-
16 ing in lieu thereof the following: "Except as provided in
17 subsections (d) and (g) and in section 1876,".

18 (2) Section 1833(a) of such Act is amended by striking
19 out "Subject to" and inserting in lieu thereof the following:
20 "Except as provided in section 1876 and subject to".

21 (d) The amendments made by this section shall be
22 effective with respect to services provided on or after July
23 1, 1971.

1 *UNIFORM HEALTH, SAFETY, ENVIRONMENTAL, AND STAFF-*
 2 *ING STANDARDS FOR EXTENDED CARE FACILITIES AND*
 3 *SKILLED NURSING HOMES*

4 *SEC. 240. (a) Title XI of the Social Security Act (as*
 5 *amended by section 221 of this Act) is further amended by*
 6 *adding at the end thereof the following new section:*

7 *"UNIFORM HEALTH, SAFETY, ENVIRONMENTAL, AND STAFF-*
 8 *ING STANDARDS FOR EXTENDED CARE FACILITIES AND*
 9 *SKILLED NURSING HOMES*

10 *"SEC. 1123. (a) If any State has a State plan approved*
 11 *under title XIX which imposes (as a condition for payment of*
 12 *skilled nursing services under the plan) on nursing homes in*
 13 *such State standards with respect to health, safety, environ-*
 14 *mental quality, or staffing which are higher than the standards*
 15 *(relating to health, safety, environmental quality, or staffing)*
 16 *which are imposed under title XVIII with respect to extended*
 17 *care facilities, the Secretary shall impose, on the extended care*
 18 *facilities in such State, like standards as a condition of pay-*
 19 *ment under title XVIII for extended care services provided*
 20 *by such facilities.*

21 *"(b) In addition to the requirements imposed by law*
 22 *as a condition of approval of any State plan under title XIX,*
 23 *there is hereby imposed the requirement (and the plan shall*
 24 *be deemed to require) that, as a condition of payment under*
 25 *the plan for skilled nursing home services provided by facili-*

ties in such State, such facilities must meet the standards (relating to health, safety, environmental quality, and staffing) applicable to facilities providing extended care services for which payment may be made under title XVIII, if, and to the extent that, such standards are higher than the standards (relating to health, safety, environmental quality, and staffing) which are otherwise imposed under the plan as a condition of payment thereunder for skilled nursing home services."

(b) The amendments made by subsection (a) shall be applicable with respect to skilled nursing home services provided after June 30, 1971, under a State plan approved under title XIX of the Social Security and extended care services provided after such date under title XVIII of such Act.

SIMPLIFIED REIMBURSEMENT OF EXTENDED CARE

FACILITIES

SEC. 241. (a) Section 1861(v)(1) of the Social Security Act is amended by—

(a) inserting "(A)" after "(v)(1)";

(b) inserting "(B)" immediately before "Such" the first time it appears in the second paragraph thereof; and

(c) adding at the end the following new paragraph:

"(C) Such regulations may, in the case of extended care facilities in any State, provide for the use of rates, developed by the State in which such facilities are located, for the payment of the cost of

1 *skilled nursing home services furnished under the*
 2 *State's plan approved under title XIX (and such*
 3 *rates may be increased by the Secretary on a class*
 4 *or size of institution or on a geographical basis by a*
 5 *percentage factor not in excess of 10 percent to*
 6 *take into account determinable items or services or*
 7 *other requirement under this title not otherwise in-*
 8 *cluded in the computation of such State rates), if the*
 9 *Secretary finds that such rates are reasonably related*
 10 *to (but not necessarily limited to) analyses under-*
 11 *taken by such State of costs of care in comparable*
 12 *facilities in such State; except that the foregoing pro-*
 13 *visions of this subparagraph shall not apply to any*
 14 *extended care facility in such State if—*

15 *“(i) such facility is a distinct part of or*
 16 *directly operated by a hospital, or*

17 *“(ii) such facility operates in a close, for-*
 18 *mal satellite relationship (as defined in regula-*
 19 *tions of the Secretary) with a participating hos-*
 20 *pital or hospitals.*

21 *Notwithstanding the previous provisions of this para-*
 22 *graph, in the case of an extended care facility speci-*
 23 *fied in clause (ii) of this subparagraph, the reason-*
 24 *able cost of any services furnished by such facility*
 25 *as determined by the Secretary under this subsection*

1 *shall not exceed 150 percent of the costs determined*
 2 *by the application of this subparagraph (without re-*
 3 *gard to such clause (ii)).”.*

4 *(b) The amendments made by subsection (a) shall be*
 5 *applicable only in the case of accounting periods beginning*
 6 *after June 30, 1971.*

7 **WAIVER OF REQUIREMENT OF REGISTERED PROFESSIONAL**
 8 **NURSES IN HOSPITALS IN RURAL AREAS**

9 *SEC. 242. Section 1861(e)(5) of the Social Security*
 10 *Act is amended by (1) inserting “(i)” after “(5)”, (2) in-*
 11 *serting “(ii)” after “and”, and (3) adding at the end thereof*
 12 *the following: “except that the Secretary is authorized to waive*
 13 *the requirement of clause (i) of this paragraph for any one-*
 14 *year period (or less) ending no later than December 31, 1975*
 15 *with respect to any institution where immediately preceding*
 16 *such period he finds that—*

17 *“(A) such institution is located in a rural area and*
 18 *the supply of hospital services in such area is not suf-*
 19 *ficient to meet the needs of individuals residing therein,*
 20 *and*

21 *“(B) the failure of such institution to qualify as a*
 22 *hospital would seriously reduce the availability of such*
 23 *services to beneficiaries in such area; and*

24 *“(C) such institution has made and continues to*
 25 *make a good faith effort to comply with this paragraph,*

1 but such compliance is impeded by the lack of qualified
2 nursing personnel in such area; and

3 “(D) the requirements of such clause (i) were met
4 for a regular daytime shift.”

5 INDEPENDENT PROFESSIONAL REVIEW IN INTERMEDIATE

6 CARE FACILITIES

7 SEC. 243. Section 1902(a) of the Social Security Act
8 (as amended by sections 234, 238, 251, and 253 of this Act)
9 is further amended (A) by striking out “and” at the end of
10 paragraph (31), (B) by striking out the period at the end of
11 paragraph (33) and inserting in lieu of such period “; and”,
12 and (C) by adding after paragraph (32) the following new
13 paragraph:

14 “(33) Effective July 1, 1971, provide (A) for a regu-
15 lar program of independent professional review (including
16 medical evaluation of each patient's need for intermediate
17 care) and a written plan of service prior to admission or
18 authorization of benefits in an intermediate care facility;
19 (B) for periodic inspections to be made in all intermediate
20 care facilities (if the State plan includes care in such institu-
21 tions) within the State by one or more independent profes-
22 sional review teams (composed of physicians or registered
23 nurses and other appropriate health and social service per-
24 sonnel) of (i) the care being provided in such intermediate
25 care facilities to persons receiving assistance under the State

1 plan, (ii) with respect to each of the patients receiving such
 2 care, the adequacy of the services available in particular in-
 3 termediate care facilities to meet the current health needs and
 4 promote the maximum physical well-being of patients re-
 5 ceiving care in such facilities, (iii) the necessity and desira-
 6 bility of the continued placement of such patients in such
 7 facilities, and (iv) the feasibility of meeting their health care
 8 needs through alternative institutional or noninstitutional
 9 services; and (C) for the making by such team or teams of
 10 full and complete reports of the findings resulting from such
 11 inspections, together with any recommendations to the State
 12 agency administering or supervising the administration of
 13 the State plan.”

14 *DIRECT LABORATORY BILLING OF PATIENTS*

15 *SEC. 244. (a) Section 1833(a)(1) of the Social Secu-*
 16 *rity Act is further amended by—*

17 *(1) striking out “and” before “(B)”;*

18 *(2) inserting before the semicolon at the end thereof*
 19 *the following: “, and (C) with respect to diagnostic tests*
 20 *performed in a laboratory for which payment is made*
 21 *under this part to the laboratory, the amounts paid shall*
 22 *be equal to 100 percent of the negotiated rate for such*
 23 *tests (as determined pursuant to subsection (g) of this*
 24 *section)”.*

1 (b) Section 1833 of such Act is further amended by
2 adding at the end thereof the following subsection:

3 “(g) With respect to diagnostic tests performed in a
4 laboratory for which payment is made under this part to the
5 laboratory, the Secretary is authorized to establish a pay-
6 ment rate which is acceptable to the laboratory and which
7 would be considered the full charge for such tests. Such nego-
8 tiated rate shall be limited to an amount not in excess of the
9 total payment that would have been made for the services in
10 the absence of such a rate.”

11 PROFESSIONAL STANDARDS REVIEW

12 SEC. 245. (a) The heading to title XI of the Social
13 Security Act is amended by striking out

14 “TITLE XI—GENERAL PROVISIONS”

15 and inserting in lieu thereof

16 “TITLE XI—GENERAL PROVISIONS AND
17 PROFESSIONAL STANDARDS REVIEW

18 “PART A—GENERAL PROVISIONS”.

19 (b) Title XI of such Act is further amended by adding
20 after section 1123 thereof (as added by section 240(a) of
21 this Act) the following:

22 “PART B—PROFESSIONAL STANDARDS REVIEW

23 “DECLARATION OF PURPOSE

24 “SEC. 1151. In order to promote the effective, efficient,
25 and economical delivery of health care services for which

1 payment may be made (in whole or in part) under title
 2 XVIII, or under State plans approved under title XIX, and
 3 in recognition of the interests of patients and the public in
 4 improved health care services, it is the purpose of this part
 5 to assure, through the application of suitable procedures of
 6 professional standards review, that the services for which
 7 payment may be made under the Social Security Act will
 8 conform to appropriate professional standards for the pro-
 9 vision of health care and that payment for such services will
 10 be made—

11 “(1) only when, and to the extent, medically nec-
 12 essary, as determined in the exercise of reasonable limits
 13 of professional discretion; and

14 “(2) in the case of services provided by a hospital
 15 or other health care facility on an inpatient basis, only
 16 when and for such period as such services cannot, con-
 17 sistent with professionally recognized health care stand-
 18 ards, effectively be provided on an outpatient basis or
 19 more economically in an inpatient health care facility
 20 of a different type, as determined in the exercise of
 21 reasonable limits of professional discretion.

22 “DESIGNATION OF PROFESSIONAL STANDARDS REVIEW
 23 ORGANIZATIONS

24 “SEC. 1152. (a) The Secretary shall (1) not later than
 25 January 1, 1972, establish throughout the United States

1 appropriate areas with respect to which Professional Stand-
 2 ards Review Organizations may be designated, and (2) at
 3 the earliest practicable date thereafter enter into an agree-
 4 ment with a qualified organization whereby such an orga-
 5 nization shall be designated as the Professional Standards
 6 Review Organization for such area.

7 “(b) For purposes of subsection (a), the term ‘qualified
 8 organization’ means—

9 “(1) when used in connection with any area—

10 “(A) a nonprofit professional association (i)
 11 (or a component organization thereof) which is com-
 12 posed of physicians engaged in the practice of medi-
 13 cine or surgery in such area, (ii) the membership
 14 of which includes a substantial proportion of all
 15 such physicians in such area, and (iii) which has
 16 available professional competence to review health
 17 care services of the types and kinds with respect to
 18 which Professional Standards Review Organizations
 19 have review responsibilities under this part, or

20 “(B) such other public, nonprofit private, or
 21 other agency or organization, which the Secretary
 22 determines, in accordance with criteria prescribed by
 23 him in regulations, to be of professional competence
 24 and otherwise suitable; and

25 “(2) which the Secretary, on the basis of his exam-

ination and evaluation of a formal plan submitted to him by the association, agency, or organization (as well as on the basis of other relevant data and information), finds to be willing to perform and capable of performing, in an effective and timely manner and at reasonable cost, the duties, functions, and activities of a Professional Standards Review Organization required by or pursuant to this part.

“(c)(1) The Secretary shall not enter into any agreement under this part under which there is designated as the Professional Standards Review Organization for any area any organization other than an organization referred to in subsection (b)(1)(A) unless, in such area, there is no organization referred to in subsection (b)(1)(A) which meets the conditions specified in subsection (b)(2).

“(2) Whenever the Secretary shall have entered into an agreement under this part under which there is designated as the Professional Standards Review Organization for any area any organization other than an organization referred to in subsection (b)(1)(A), he shall not renew such agreement with such organization if he determines that—

“(A) there is in such area an organization referred to in subsection (b)(1)(A) which (i) has not been (nor has its predecessor been) previously designated as a Professional Standards Review Organization,

1 *and (ii) is willing to enter into an agreement under*
 2 *this part under which such organization would be desig-*
 3 *nated as the Professional Standards Review Organization*
 4 *for such area;*

5 *“(B) such organization meets the conditions specified*
 6 *in subsection (b)(2); and*

7 *“(C) the designation of such organization as the*
 8 *Professional Standards Review Organization for such*
 9 *area will result in an improvement in the performance*
 10 *in such area of the duties and functions required of such*
 11 *Organizations under this part.*

12 *“(d)(1) An agreement entered into under this part*
 13 *between the Secretary and any organization under which*
 14 *such organization is designated as the Professional Standards*
 15 *Review Organization for any area shall provide that such*
 16 *organization will—*

17 *“(A) perform such duties and functions and assume*
 18 *such responsibilities and comply with such other require-*
 19 *ments as may be required by this part or under regu-*
 20 *lations of the Secretary promulgated to carry out the*
 21 *provisions of this part; and*

22 *“(B) collect such data relevant to its function and*
 23 *such information and keep and maintain such records as*
 24 *the Secretary may require to carry out the purposes of*

1 *this part and to permit access to and use of any such*
2 *records as the Secretary may require for such purposes.*

3 *“(2) Any such agreement with an organization under*
4 *this part shall provide that the Secretary make payments*
5 *to such organization equal to the amount of expenses reason-*
6 *ably and necessarily incurred, as determined by the Secre-*
7 *tary, by such organization in carrying out or preparing to*
8 *carry out the duties and functions required by such agree-*
9 *ment.*

10 *“(3) Any such agreement under this part with an or-*
11 *ganization shall be for a term of twelve months; except*
12 *that, prior to the expiration of such term, such agreement*
13 *may be terminated—*

14 *“(A) by the organization at such time and upon*
15 *such notice to the Secretary as may be prescribed in*
16 *regulations (except that notice of more than three months*
17 *may not be required); or*

18 *“(B) by the Secretary at such time and upon such*
19 *reasonable notice to the organization as may be pre-*
20 *scribed in regulations, but only after the Secretary has*
21 *determined (after providing such organization with an*
22 *opportunity for a formal hearing on the matter) that*
23 *such organization is not substantially complying with or*
24 *effectively carrying out the provisions of such agreement.*

25 *“(e) No Professional Standards Review Organization*

1 *shall utilize the services of any individual who is not a physi-*
 2 *cian to make final determinations with respect to the profes-*
 3 *sional conduct of any physician, or any act performed by any*
 4 *physician in the exercise of his profession.*

5 “*REVIEW PENDING DESIGNATION OF PROFESSIONAL*
 6 *STANDARDS REVIEW ORGANIZATION*

7 “*SEC. 1153. Pending the assumption by a Professional*
 8 *Standards Review Organization for any area, of full review*
 9 *responsibility, and pending a demonstration of capacity for*
 10 *improved review effort with respect to matters involving*
 11 *the provision of health care services in such area for which*
 12 *payment (in whole or in part) may be made, under title*
 13 *XVIII, or under State plans approved under title XIX,*
 14 *any review with respect to such services which has not*
 15 *been designated by the Secretary as the responsibility of such*
 16 *organization, shall be reviewed in the manner otherwise pro-*
 17 *vided for under law.*

18 “*TRIAL PERIOD FOR PROFESSIONAL STANDARDS*
 19 *REVIEW ORGANIZATION*

20 “*SEC. 1154. (a) The Secretary shall initially designate*
 21 *an organization as a Professional Standards Review Orga-*
 22 *nization for any area on a conditional basis with a view to*
 23 *determining the capacity of such organization to perform the*
 24 *duties and functions imposed under this part on Professional*
 25 *Standards Review Organizations. Such designation may not*

1 be made prior to receipt from such organization and ap-
2 proval by the Secretary of a formal plan for the orderly
3 assumption and implementation of the responsibilities of the
4 Professional Standards Review Organization under this
5 part.

6 “(b) During any such trial period (which may not
7 exceed twenty-four months), the Secretary may require a
8 Professional Standards Review Organization to perform
9 only such of the duties and functions required under this
10 part of Professional Standards Review Organizations as
11 he determines such organization to be capable of performing.
12 The number and type of such duties shall, during the trial
13 period, be progressively increased as the organization be-
14 comes capable of added responsibility so that, by the end of
15 such period, such organization shall be considered a qualified
16 organization only if the Secretary finds that it is substantially
17 carrying out the activities and functions required of Profes-
18 sional Standards Review Organizations under this part with
19 respect to the review of health care services provided by physi-
20 cians and other practitioners and institutional health care
21 facilities. Any of such duties and functions not performed by
22 such organization during such period shall be performed in
23 the manner and to the extent otherwise provided for under
24 law.

1 “(c) Any agreement under which any organization is
 2 conditionally designated as the Professional Standards Review
 3 Organization for any area may be terminated by such organi-
 4 zation upon ninety days notice to the Secretary or by the Sec-
 5 retary upon ninety days notice to such organization.

6 “(d) In order to avoid duplication of functions and un-
 7 necessary review and control activities, the Secretary is au-
 8 thorized to waive any or all of the review or similar activities
 9 otherwise required under or pursuant to any provision of this
 10 Act (other than this part) where he finds, on the basis of
 11 substantial evidence of the effective performance of review
 12 and control activities by Professional Standards Review Orga-
 13 nizations, that the review and similar activities otherwise so
 14 required, are not needed for the provision of adequate review
 15 and control.

16 “DUTIES AND FUNCTIONS OF PROFESSIONAL STANDARDS
 17 REVIEW ORGANIZATIONS

18 “SEC. 1155. (a)(1) It shall be the duty and function
 19 of each Professional Standards Review Organization for any
 20 area to assume, at the earliest date practicable, responsibility
 21 for the review of the professional activities in such area of
 22 physicians and other health care practitioners and institu-
 23 tional providers of health care services in the provision of
 24 health care services for which payment may be made (in
 25 whole or in part) under title XVIII, or under State plans

1 approved under title XIX, for the purpose of determining
2 whether—

3 “(A) such services are or were medically necessary;

4 “(B) the quality of such services meets profession-
5 ally recognized standards of health care; and

6 “(C) in case such services are proposed to be pro-
7 vided in a hospital or other health care facility on an in-
8 patient basis, such services could, consistent with the
9 provision of appropriate medical care, be effectively pro-
10 vided on an out-patient basis or more economically in an
11 in-patient health care facility of a different type.

12 “(2) Each Professional Standards Review Organiza-
13 tion shall have the authority to determine, in advance, in the
14 case of—

15 “(A) any elective admission to a hospital, or other
16 health care facility, or

17 “(B) any other health care service which will con-
18 sist of extended or costly courses of treatment,

19 whether such service, if provided, or if provided by a partic-
20 ular health care practitioner or by a particular hospital or
21 other health care facility, would meet the criteria specified in
22 clauses (A) and (C) of paragraph (1).

23 “(3) Each Professional Standards Review Organization
24 shall, in accordance with regulations of the Secretary, deter-
25 mine and publish, from time to time, the types and kinds of

1 cases (whether by type of health care or diagnosis involved, or
2 whether in terms of other relevant criteria relating to the pro-
3 vision of health care services) with respect to which such
4 Organization will, in order most effectively to carry out the
5 purposes of this part, exercise the authority conferred upon it
6 under paragraph (2).

7 “(4) Each Professional Standards Review Organiza-
8 tion shall be responsible for the regular review of profiles of
9 care and services received and provided with respect to
10 patients, utilizing to the greatest extent practicable in such
11 patient profiles, methods of coding which will provide maxi-
12 mum confidentiality as to patient identity and assure objective
13 evaluation consistent with the purposes of this part. Profiles
14 shall also be regularly reviewed on an ongoing basis with
15 respect to each health care practitioner and provider to
16 determine whether the care and services ordered or rendered
17 are consistent with the criteria specified in clauses (A), (B),
18 and (C) of paragraph (1).

19 “(5) Physicians assigned responsibility for the review
20 of hospital care may be only those having active hospital
21 staff privileges in at least one of the participating hospitals in
22 the area served by the Professional Standards Review Orga-
23 nization.

24 “(6) No physician shall be permitted to review—

25 “(A) health care services provided to a patient if

1 *he was directly or indirectly involved in providing such*
2 *services, or*

3 *“(B) health care services provided in or by an in-*
4 *stitution, if he or any member of his family has, directly*
5 *or indirectly, any financial interest in such institution.*

6 *For purposes of this paragraph, a physician’s family includes*
7 *only his spouse (other than a spouse who is legally separated*
8 *from him under a decree of divorce or separate maintenance),*
9 *children (including legally adopted children), grandchildren,*
10 *parents, and grandparents.*

11 *“(b) To the extent necessary or appropriate for the*
12 *proper performance of its duties and functions, the Profes-*
13 *sional Standards Review Organization serving any area is*
14 *authorized in accordance with regulations prescribed by the*
15 *Secretary to—*

16 *“(1) make arrangements to utilize the services of*
17 *persons who are practitioners of or specialists in the vari-*
18 *ous areas of medicine (including dentistry), or other*
19 *types of health care, which persons shall, to the maximum*
20 *extent practicable, be individuals engaged in the practice*
21 *of their profession within the area served by such orga-*
22 *nization;*

23 *“(2) undertake such professional inquiry either be-*
24 *fore or after, or both before and after, the provision of*

1 *services with respect to which such organization has a*
2 *responsibility for review under subsection (a)(1);*

3 *“(3) examine the pertinent records of any practi-*
4 *tioner or provider of health care services providing serv-*
5 *ices with respect to which such organization has a re-*
6 *sponsibility for review under subsection (a)(1); and*

7 *“(4) inspect the physical facilities in which care*
8 *is rendered or services provided (which are located in*
9 *such area) of any practitioner or provider.*

10 *“(c) In order to familiarize physicians with the review*
11 *functions and activities of Professional Standards Review*
12 *Organizations and to promote acceptance of such functions*
13 *and activities by physicians, patients, and other persons,*
14 *each Professional Standards Review Organization, in carry-*
15 *ing out its review responsibilities, shall (to the maximum*
16 *extent consistent with the effective and timely performance of*
17 *its duties and functions)—*

18 *“(1) encourage all physicians practicing their pro-*
19 *fession in the area served by such Organization to par-*
20 *ticipate in the review activities of such Organization;*

21 *“(2) provide rotating physician membership of re-*
22 *view committees on an extensive and continuing basis;*

23 *“(3) assure that membership on review committees*
24 *have the broadest representation feasible in terms of*
25 *the various types of practice in which physicians en-*
26 *gage in the area served by such Organization; and*

1 “(4) utilize, whenever feasible, medical periodicals
2 and similar publications to publicize the functions and
3 activities of Professional Standards Review Organiza-
4 tions.

5 “(d)(1) Each Professional Standards Review Organi-
6 zation is authorized to utilize the services of, and accept the
7 findings of, the review committees of hospitals located in the
8 area served by such Organization, but only when and only
9 to the extent that such committees have demonstrated to the
10 satisfaction of such Organization their capacity effectively
11 and in timely fashion to review activities in such hospitals (in-
12 cluding the medical necessity of admissions, services ordered,
13 and lengths of stay) so as to aid in accomplishing the pur-
14 poses and responsibilities described in subsection (a)(1).

15 “(2) Each Professional Standards Review Organization
16 is authorized to utilize the services of medical societies and
17 similar organizations to assist such Organization in perform-
18 ing one or more of its professional review activities, but only
19 when and only to the extent that such societies or other or-
20 ganizations have demonstrated to the satisfaction of such
21 Organization their capacity effectively and in timely fashion
22 to perform such activities so as to aid in accomplishing the
23 purposes described in subsection (a)(1).

24 “(3) The Secretary may prescribe regulations to carry
25 out the provisions of this subsection.

1 “NORMS OF HEALTH CARE SERVICES FOR VARIOUS
2 ILLNESSES OR HEALTH CONDITIONS

3 “SEC. 1156. (a) *Each Professional Standards Review*
4 *Organization shall apply professionally developed norms of*
5 *care and treatment based upon typical patterns of practice in*
6 *their region (including typical lengths-of-stay for institu-*
7 *tional care by age and diagnosis) as principal points of*
8 *evaluation and review. The National Professional Standards*
9 *Review Council and the Secretary shall provide such tech-*
10 *nical assistance to the organization as will be helpful in utiliz-*
11 *ing and applying such norms of care and treatment. Where*
12 *the actual norms of care and treatment in a Professional*
13 *Standards Review Organization area are significantly differ-*
14 *ent from professionally developed regional norms of care and*
15 *treatment approved for comparable conditions, the Profes-*
16 *sional Standards Review Organization concerned shall be so*
17 *informed, and in the event that appropriate consultation and*
18 *discussion indicate reasonable basis for usage of such unusual*
19 *norms in the area concerned, the Professional Standards Re-*
20 *view Organization may apply such actual norms in such*
21 *area as are approved by the National Professional Stand-*
22 *ards Review Council.*

23 “(b) *Any such norm with respect to treatment for any*
24 *particular illness or health condition shall include (in accord-*
25 *ance with regulations of the Secretary)—*

1 “(1) the types and extent of the health care services
2 which, taking into account differing, but acceptable,
3 modes of treatment, are considered within the range of
4 appropriate treatment of such illness or health condition,
5 consistent with professionally recognized and accepted
6 patterns of care;

7 “(2) the type of health care facility which is con-
8 sidered, consistent with such standards, to be the type in
9 which health care services which are medically appropri-
10 ate for such illness or condition can most economically be
11 provided.

12 “(c)(1) The National Professional Standards Review
13 Council shall provide for the preparation and distribution, to
14 each Professional Standards Review Organization and to
15 each other agency or person performing review functions
16 with respect to the provision of health care services under
17 title XVIII, or under State plans approved under title XIX,
18 of appropriate materials indicating the regional norms to be
19 utilized pursuant to this part. Such data concerning norms
20 shall be reviewed and revised from time to time. The ap-
21 proval of the National Professional Standards Review Coun-
22 cil of norms of care and treatment shall be based on its
23 analysis of appropriate and adequate data.

24 “(2) Each review organization, agency, or person re-
25 ferred to in paragraph (1) shall utilize the norms developed

1 under this section as a principal point of evaluation and re-
2 view for determining, with respect to any health care services
3 which have been or are proposed to be provided, whether such
4 care and services are consistent with the criterion specified in
5 section 1155(a)(1).

6 “(d)(1) Each Professional Standards Review Organi-
7 zation shall—

8 “(A) in accordance with regulations of the Secre-
9 tary, specify the appropriate points in time, after the
10 admission of a patient for in-patient care in a health
11 care institution, at which the physician attending such
12 patient shall execute a certification stating that further
13 in-patient care in such institution will be medically neces-
14 sary effectively to meet the health care needs of such
15 patient; and

16 “(B) require that there be included in any such
17 certification with respect to any patient such information
18 as may be necessary to enable such Organization prop-
19 erly to evaluate the medical necessity of the further
20 institutional health care recommended by the physician
21 executing such certification.

22 “(2) The points in time at which any such certification
23 will be required shall be consistent with and based on profes-
24 sionally developed norms of care and treatment and data
25 developed with respect to length of stay in health care institu-

1 tions of patients having various illnesses, injuries, or health
 2 conditions, and requiring various types of health care services
 3 or procedures.

4 "SUBMISSION OF REPORTS BY PROFESSIONAL STANDARDS
 5 REVIEW ORGANIZATIONS

6 "SEC. 1157. If, in discharging its duties and functions
 7 under this part, any Professional Standards Review Orga-
 8 nization determines that any health care practitioner or any
 9 hospital, or other health care facility has violated any of
 10 the obligations imposed by section 1160, such organization
 11 shall report the matter to the Statewide Professional Stand-
 12 ards Review Council for the State in which such orga-
 13 nization is located together with the recommendations of
 14 such Organization as to the action which should be taken
 15 with respect to the matter. Any Statewide Professional
 16 Standards Review Council receiving any such report and
 17 recommendation shall review the same and promptly transmit
 18 such report and recommendation to the Secretary together
 19 with any additional comments or recommendations thereon as
 20 it deems appropriate.

21 "REQUIREMENT OF REVIEW APPROVAL AS CONDITION
 22 OF PAYMENT OF CLAIMS

23 "SEC. 1158. Notwithstanding any other provision of
 24 law, no Federal funds appropriated under any title of this

1 *Act for the provision of health care services shall be used*
2 *(directly or indirectly) for the payment, under any such*
3 *title or any program established pursuant thereto, of any*
4 *claim for the provision of such services if—*

5 “(1) *the provision of such services is subject to re-*
6 *view by any Professional Standards Review Organiza-*
7 *tion, or other agency; and*

8 “(2) *such organization or other agency has, in the*
9 *proper exercise of its duties and functions under or con-*
10 *sistent with the purposes of this part, disapproved of the*
11 *services giving rise to such claim, and has, prior to the*
12 *provision of such services, notified the practitioner or*
13 *provider providing such services and the individual to*
14 *receive such services of its disapproval of the provision*
15 *of such services to such individual.*

16 *“NOTICE TO CLAIMS PAYMENT AGENCY OF DISAPPROVAL*
17 *OF SERVICES*

18 “*SEC. 1159. Whenever any Professional Standards Re-*
19 *view Organization, in the discharge of its duties and func-*
20 *tions as specified by or pursuant to this part, disapproves of*
21 *any health care services furnished by any practitioner or pro-*
22 *vider, such organization shall promptly notify the agency or*
23 *organization having responsibility for acting upon claims*
24 *for payment for or on account of such services.*

1 “OBLIGATIONS OF HEALTH CARE PRACTITIONERS AND PRO-
2 VIDERS OF HEALTH CARE SERVICES; SANCTIONS AND
3 PENALTIES; HEARINGS AND REVIEW

4 “SEC. 1160 (a) (1) *It shall be the obligation of any*
5 *health care practitioner and any other person (including a*
6 *hospital or other health care facility) who provides health*
7 *care services for which payment may be made (in whole or*
8 *in part) under title XVIII, or under any State plan*
9 *approved under title XIX, to assure that services ordered or*
10 *provided by such practitioner or person—*

11 “(A) *will be provided only when, and to the ex-*
12 *tent, medically necessary; and*

13 “(B) *will be of a quality which meets profession-*
14 *ally recognized standards of health care;*

15 *and it shall be the obligation of any health care practitioner,*
16 *in ordering, authorizing, directing, or arranging for the pro-*
17 *vision by any other person (including a hospital or other*
18 *health care facility) of health care services for any patient of*
19 *such practitioner, to exercise his professional responsibility*
20 *with a view to assuring (to the extent of his influence or*
21 *control over such patient, such person, or the provision of such*
22 *services) that such services will be provided—*

23 “(C) *only when, and to the extent, medically neces-*
24 *sary; and*

1 “(D) will be of a quality which meets professionally
2 recognized standards of health care.

3 “(2) Each health care practitioner, and each hospital or
4 other provider of health care services, shall have an obliga-
5 tion, within reasonable limits of professional discretion, not
6 to take any action, in the exercise of his profession (in the
7 case of any health care practitioner), or in the conduct of
8 its business (in the case of any hospital or other such pro-
9 vider), which would authorize any individual to be admitted
10 as an in-patient in or to continue as an in-patient in any
11 hospital or other health care facility unless—

12 “(A) in-patient care is determined by such prac-
13 titioner and by such hospital or other provider, con-
14 sistent with professionally recognized health care stand-
15 ards, to be medically necessary for the proper care of
16 such individual; and

17 “(B) (i) the in-patient care required by such indi-
18 vidual cannot, consistent with such standards, be pro-
19 vided more economically in a health care facility of a
20 different type; or

21 “(ii) (in the case of a patient who requires care
22 which can, consistent with such standards, be provided
23 more economically in a health care facility of a different
24 type) there is, in the area in which such individual is
25 located, no such facility or no such facility which is avail-

1 able to provide care to such individual at the time when
2 care is needed by him.

3 “(b)(1) If after reasonable notice and opportunity for
4 discussion with the practitioner or provider concerned, any
5 Professional Standards Review Organization submits a re-
6 port and recommendation to the Secretary pursuant to section
7 1157 (which report and recommendation shall be submitted
8 through the Statewide Professional Standards Review Coun-
9 cil which shall promptly transmit such report and recommen-
10 dations together with any additional comments and recom-
11 mendations thereon as it deems appropriate) and if the
12 Secretary determines that such practitioner or provider, in
13 providing health care services over which such organization
14 has review responsibility and for which payment (in whole
15 or in part) may be made under title XVIII, or under any
16 State plan approved under title XIX, has—

17 “(A) by failing, in a substantial number of cases,
18 substantially to comply with any obligation imposed on
19 him under subsection (a), or

20 “(B) by grossly and flagrantly violating any such
21 obligation in one or more instances,
22 demonstrated an unwillingness or a lack of ability substan-
23 tially to comply with such obligations, he (in addition to any
24 other sanction provided under law) may exclude (per-
25 manently or for such period as the Secretary may prescribe)

1 such practitioner or provider from eligibility to provide such
2 services on a reimbursable basis.

3 “(2) A determination made by the Secretary under
4 this subsection shall be effective at such time and upon such
5 reasonable notice to the public and to the person furnishing
6 the services involved as may be specified in regulations. Such
7 determination shall be effective with respect to services fur-
8 nished to an individual on or after the effective date of such
9 determination (except that in the case of institutional health
10 care services such determination shall be effective in the
11 manner provided in title XVIII with respect to terminations
12 of provider agreements), and shall remain in effect until the
13 Secretary finds and gives reasonable notice to the public that
14 the basis for such determination has been removed and that
15 there is reasonable assurance that it will not recur.

16 “(3) In lieu of the sanction authorized by paragraph
17 (1), the Secretary may require that (as a condition to the
18 continued eligibility of such practitioner or provider to pro-
19 vide such health care services on a reimbursable basis) such
20 practitioner or provider pay to the United States, in case
21 such acts or conduct involved the provision by such prac-
22 titioner or provider of health care services which were
23 medically improper or unnecessary, an amount not in ex-
24 cess of the actual or estimated cost of the medically improper
25 or unnecessary services so provided, or (if less) \$5,000.
26 Such amount may be deducted from any sums owing by

1 the United States (or any instrumentality thereof) to the
2 person from whom such amount is claimed.

3 “(4) Any person furnishing services described in para-
4 graph (1) who is dissatisfied with a determination made by
5 the Secretary under this subsection shall be entitled to rea-
6 sonable notice and opportunity for a hearing thereon by
7 the Secretary to the same extent as is provided in section
8 205(b), and to judicial review of the Secretary’s final deci-
9 sion after such hearing as is provided in section 205(g).

10 “(c) It shall be the duty of each Professional Standards
11 Review Organization and each Statewide Professional Stand-
12 ards Review Council to use such authority or influence it
13 may possess as a professional organization, and to enlist the
14 support of any other professional or governmental organi-
15 zation having influence or authority over health care prac-
16 titioners and any other person (including a hospital or other
17 health care facility) providing health care services in the
18 area served by such review organization, in assuring that
19 each practitioner or provider (referred to in subsection (a))
20 providing health care services in such area shall comply
21 with all obligations imposed on him under subsection (a).

22 “NOTICE TO PRACTITIONER OR PROVIDER

23 “SEC. 1161. (a) Whenever any Professional Standards
24 Review Organization takes any action or makes any deter-
25 mination—

1 “(1) which denies any request, by a health care
2 practitioner or other provider of health care services,
3 for approval of a health care service proposed to be
4 ordered or provided by such practitioner or provider; or

5 “(2) that any such practitioner or provider has
6 violated any obligation imposed on such practitioner
7 or provider under section 1160;

8 such organization shall, immediately after taking such ac-
9 tion or making such determination, give notice to such prac-
10 titioner or provider of such determination and the basis
11 therefor, and shall provide him with appropriate opportunity
12 for discussion and review of the matter.

13 “STATEWIDE PROFESSIONAL STANDARDS REVIEW COUN-
14 CILS; ADVISORY GROUPS TO SUCH COUNCILS

15 “SEC. 1162. (a) In any State in which there are lo-
16 cated three or more Professional Standards Review Orga-
17 nizations, the Secretary shall establish a Statewide Profes-
18 sional Standards Review Council.

19 “(b) The membership of any such Council for any State
20 shall be appointed by the Secretary and shall consist of—

21 “(A) one representative from and designated by
22 each Professional Standards Review Organization in the
23 State;

24 “(B) four physicians, two of whom may be desig-
25 nated by the State medical society and two of whom may

1 *be designated by the State hospital association of such*
2 *State to serve as members on such Council; and*

3 *“(C) four persons knowledgeable in health care from*
4 *such State whom the Secretary shall have selected as rep-*
5 *resentatives of the public in such State (at least two of*
6 *whom shall have been recommended for membership on*
7 *the Council by the Governor of such State).*

8 *“(c) It shall be the duty and function of the State-*
9 *wide Professional Standards Review Council for any State,*
10 *in accordance with regulations of the Secretary, to coordi-*
11 *nate the activities of, and disseminate information and data*
12 *among, the various Professional Standards Review Orga-*
13 *nizations within such State.*

14 *“(d) The Secretary is authorized to enter into an agree-*
15 *ment with any such Council under which the Secretary shall*
16 *make payments to such Council equal to the amount of*
17 *expenses reasonably and necessarily incurred, as determined*
18 *by the Secretary, by such Council in carrying out the duties*
19 *and functions provided in this section.*

20 *“(e) (1) The Statewide Professional Standards Review*
21 *Council for any State shall be advised and assisted in carrying*
22 *out its functions by an advisory group (of not less than seven*
23 *nor more than eleven members) which shall be made up of*
24 *representatives of health care practitioners (other than phy-*
25 *sicians) and hospitals and other health care facilities which*

1 *provide within the State health care services for which pay-*
2 *ment (in whole or in part) may be made under any program*
3 *established by or pursuant to this Act.*

4 “(2) *The Secretary shall by regulations provide the*
5 *manner in which members of such advisory group shall be*
6 *selected by the Statewide Professional Standards Review*
7 *Council.*

8 “(3) *The expenses reasonably and necessarily incurred,*
9 *as determined by the Secretary, by such group in carrying*
10 *out its duties and functions under this subsection shall be con-*
11 *sidered to be expenses necessarily incurred by the Statewide*
12 *Professional Standards Review Council served by such group.*

13 “**NATIONAL PROFESSIONAL STANDARDS REVIEW COUNCIL**

14 “*Sec. 1163. (a)(1) There shall be established a Na-*
15 *tional Professional Standards Review Council (hereinafter in*
16 *this section referred to as the ‘Council’) which shall consist*
17 *of eleven physicians, not otherwise in the employ of the*
18 *United States, appointed by the Secretary without regard to*
19 *the provisions of title 5, United States Code, governing ap-*
20 *pointments in the competitive service.*

21 “(2) *Members of the Council shall be appointed for a*
22 *term of three years and shall be eligible for reappointment.*

23 “(3) *The Secretary shall from time to time designate*
24 *one of the members of the Council to serve as Chairman*
25 *thereof.*

1 “(b) *Members of the Council shall consist of physicians*
2 *of recognized standing and distinction in the appraisal of*
3 *medical practice. A majority of such members shall be phy-*
4 *sicians who have been recommended to the Secretary to serve*
5 *on the Council by national organizations recognized by the*
6 *Secretary as representing practicing physicians. The member-*
7 *ship of the Council shall include physicians who have been*
8 *recommended for membership on the Council by consumer*
9 *groups and other health care interests.*

10 “(c) *The Council is authorized to utilize, and the Sec-*
11 *retary shall make available, such technical assistance as may*
12 *be required to carry out its functions, and the Secretary*
13 *shall, in addition, make available to the Council such secre-*
14 *tarial, clerical, and other assistance and such pertinent data*
15 *prepared by, for, or otherwise available to, the Department*
16 *of Health, Education, and Welfare as the Council may*
17 *require to carry out its functions.*

18 “(d) *Members of the Council, while serving on business*
19 *of the Council, shall be entitled to receive compensation at*
20 *a rate fixed by the Secretary (but not in excess of the daily*
21 *rate paid under GS-18 of the General Schedule under section*
22 *5332 of title 5, United States Code), including traveltime;*
23 *and while so serving away from their homes or regular places*
24 *of business, they may be allowed travel expenses, including*
25 *per diem in lieu of subsistence, as authorized by section 5703*

1 of title 5, United States Code, for persons in Government
2 service employed intermittently.

3 “(e) It shall be the duty of the Council to—

4 “(1) advise and assist the Secretary in the ad-
5 ministration of this part;

6 “(2) provide for the development and distribution,
7 among Statewide Professional Standards Review Coun-
8 cils and Professional Standards Review Organizations,
9 of information and data which will assist such review
10 councils and organizations in carrying out their duties
11 and functions;

12 “(3) review the operations of Statewide Profes-
13 sional Standards Review Councils and Professional
14 Standards Review Organizations with a view to de-
15 termining the effectiveness and comparative performance
16 of such review councils and organizations in carrying
17 out the purposes of this part; and

18 “(4) make or arrange for the making of studies and
19 investigations with a view to developing and recom-
20 mending to the Secretary and to the Congress measures
21 designed more effectively to accomplish the purposes
22 and objectives of this part.

23 “(f) The National Professional Standards Review
24 Council shall from time to time, but not less often than an-
25 nually, submit to the Secretary and to the Congress a report

1 on its activities and shall include in such report the findings
 2 of its studies and investigations together with any recom-
 3 mendations it may have with respect to the more effective
 4 accomplishment of the purposes and objectives of this part.
 5 Such report shall also contain comparative data indicating
 6 the results of review activities, conducted pursuant to this
 7 part, in each State and in each of the various areas thereof.

8 "APPLICATION OF THIS PART TO CERTAIN STATE PRO-
 9 GRAMS RECEIVING FEDERAL FINANCIAL ASSISTANCE

10 "SEC. 1164. (a) In addition to the requirements im-
 11 posed by law as a condition of approval of a State plan ap-
 12 proved under title XIX, there is hereby imposed the require-
 13 ment that provisions of this part shall apply to the operation
 14 of such plan or program.

15 "(b) The requirement imposed by subsection (a) with
 16 respect to State plans approved under title XIX shall apply—

17 "(1) in the case of any such plan where legislative
 18 action by the State legislature is not necessary to meet
 19 such requirement, on and after January 1, 1972; and

20 "(2) in the case of any such plan where legislative
 21 action by the State legislature is necessary to meet such
 22 requirement, whichever of the following is earlier—

23 "(A) on and after July 1, 1972, or

24 "(B) on and after the first day of the calendar

1 *month which first commences more than ninety days*
 2 *after the close of the first regular session of the*
 3 *legislature of such State which begins after Decem-*
 4 *ber 31, 1971.*

5 “CORRELATION OF FUNCTIONS BETWEEN PROFESSIONAL
 6 STANDARDS REVIEW ORGANIZATIONS AND ADMINIS-
 7 TRATIVE INSTRUMENTALITIES

8 “SEC. 1165. *The Secretary shall by regulations provide*
 9 *for such correlation of activities, such interchange of data*
 10 *and information, and such other cooperation consistent with*
 11 *economical, efficient, coordinated and comprehensive imple-*
 12 *mentation of this part (including usage of existing mechani-*
 13 *cal and other data-gathering capacity), between—*

14 “(A) (i) *agencies and organizations which are*
 15 *parties to agreements entered into pursuant to section*
 16 *1816, (ii) carriers which are parties to contracts en-*
 17 *tered into pursuant to section 1842, and (iii) any other*
 18 *public or private agency (other than a Professional*
 19 *Standards Review Organization) having review or con-*
 20 *trol functions, or proved relevant data-gathering pro-*
 21 *cedures and experience, and*

22 “(B) *Professional Standards Review Organiza-*
 23 *tions, as may be necessary or appropriate for the effec-*
 24 *tive administration of title XVIII, or State plans ap-*
 25 *proved under title XIX.*

1 “PROHIBITION AGAINST DISCLOSURE OF INFORMATION

2 “SEC. 1166. (a) Any data or information acquired by
3 any Professional Standards Review Organization, in the
4 exercise of its duties and functions, shall be held in confidence
5 and shall not be disclosed to any person except (A) to the
6 extent that may be necessary to carry out the purposes of
7 this part or (B) in such cases and under such circumstances
8 as the Secretary shall by regulations provide to assure ade-
9 quate protection of the rights and interests of patients, health
10 care practitioners, or providers of health care.

11 “(b) It shall be unlawful for any person to disclose any
12 such information other than for such purposes, and any per-
13 son violating the provisions of this section shall, upon con-
14 viction, be fined not more than \$1,000, and imprisoned for
15 not more than six months, or both, together with the costs of
16 prosecution.

17 “LIMITATION ON LIABILITY FOR PERSONS PROVIDING IN-
18 FORMATION, AND FOR MEMBERS AND EMPLOYEES OF
19 PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS,
20 AND FOR HEALTH CARE PRACTITIONERS AND PRO-
21 VIDERS

22 “SEC. 1167. (a) Notwithstanding any other provision
23 of law, no person providing information to any Professional
24 Standards Review Organization shall be held, by reason of
25 having provided such information, to have violated any crimi-

1 *nal law, or to be civilly liable under any law, of the United*
2 *States or of any State (or political subdivision thereof)*
3 *unless—*

4 *“(1) such information is unrelated to the perform-*
5 *ance of the duties and functions of such Organization, or*

6 *“(2) such information is false and the person pro-*
7 *viding such information knew, or had reason to believe,*
8 *that such information was false.*

9 *“(b)(1) No individual who, as a member or employee*
10 *of any Professional Standards Review Organization or who*
11 *furnishes professional counsel or services to such organiza-*
12 *tion, shall be held by reason of the performance by him of*
13 *any duty, function, or activity authorized or required of*
14 *Professional Standards Review Organizations under this*
15 *part, to have violated any criminal law, or to be civilly liable*
16 *under any law, of the United States or of any State (or*
17 *political subdivision thereof).*

18 *“(2) The provisions of paragraph (1) shall not apply*
19 *with respect to any action taken by any individual if such*
20 *individual, in taking such action, was motivated by malice*
21 *toward any person affected by such action.*

22 *“(c) No health care practitioner and no provider of*
23 *health care services shall be civilly liable to any person under*
24 *any law, of the United States or of any State (or political*
25 *subdivision thereof) on account of any action taken by him in*

1 *compliance with or reliance upon professionally accepted*
 2 *norms of care and treatment applied by a Professional*
 3 *Standards Review Organization operating in the area where*
 4 *such practitioner or provider took such action but only if—*

5 “(1) *he takes such action (in the case of a health*
 6 *care practitioner) in the exercise of his profession as a*
 7 *health care practitioner or (in the case of a provider of*
 8 *health care services) in the exercise of his functions as a*
 9 *provider of health care services and*

10 “(2) *he exercised due care in all professional con-*
 11 *duct taken or directed by him and reasonably related to,*
 12 *and resulting from, the actions taken in compliance with*
 13 *or reliance upon such professionally accepted norms of*
 14 *care and treatment.*

15 “AUTHORIZATION FOR USE OF CERTAIN FUNDS TO
 16 ADMINISTER THE PROVISIONS OF THIS PART

17 “SEC. 1168. *Expenses incurred in the administration of*
 18 *this part shall be payable from—*

19 “(1) *funds in the Federal Hospital Insurance Trust*
 20 *Fund;*

21 “(2) *funds in the Federal Supplementary Medi-*
 22 *cal Trust Funds; and*

23 “(3) *funds appropriated to carry out the provisions*
 24 *of title XIX;*

25 *in such amounts from each of the sources of funds (referred*

1 to in clauses (1), (2), and (3)) as the Secretary shall
 2 deem to be fair and equitable after taking into consideration
 3 the costs attributable to the administration of this part with
 4 respect to each of such plans and programs.

5 "TECHNICAL ASSISTANCE TO ORGANIZATIONS DESIRING
 6 TO BE DESIGNATED AS PROFESSIONAL STANDARDS
 7 REVIEW ORGANIZATIONS

8 "SEC. 1169. The Secretary is authorized to provide all
 9 necessary technical and other assistance (including the prep-
 10 aration of prototype plans of organization and operation)
 11 to organizations described in section 1152(b)(1) which—

12 "(1) express a desire to be designated as a Profes-
 13 sional Standards Review Organization; and

14 "(2) the Secretary determines have a potential for
 15 meeting the requirements of a Professional Standards
 16 Review Organization;

17 to assist such organizations in developing a proper plan to
 18 be submitted to the Secretary and otherwise in preparing to
 19 meet the requirements of this part for designation as a Pro-
 20 fessional Standards Review Organization.

21 "AUTHORIZATION OF DEMONSTRATION PROJECTS

22 "SEC. 1170. (a) In order to determine the feasibility
 23 and potential economies of methods whereby Professional
 24 Standards Review Organizations, in addition to their respon-
 25 sibilities under this part, assume responsibility and risk with

1 respect to the review and payment of claims for health care
2 services, payment for which may be made (in whole or in
3 part) under any program established by or pursuant to this
4 Act, the Secretary is authorized to enter into agreements in
5 periods ending not later than December 31, 1975, with such
6 number of Professional Standards Review Organizations, in
7 the same or in different areas of the Nation, as may be neces-
8 sary to permit adequate and proper comparison of results,
9 with respect to the review and payment of claims for such
10 services, as between areas in which risk is assumed by Pro-
11 fessional Standards Review Organizations and areas in which
12 such risk is not assumed by such organizations. The Secre-
13 tary shall submit reports to the Congress on the results of
14 such demonstration projects from time to time but not less
15 than annually.

16 “(b)(1) The Secretary shall undertake such agree-
17 ments with Professional Standards Review Organizations
18 which indicate willingness and capacity to assume respon-
19 sibility for review and full payment for all care and services
20 for which beneficiaries or recipients resident in such geo-
21 graphic areas are eligible. Reimbursement to such Profes-
22 sional Standards Review Organizations for such commit-
23 ments may be on a capitation, prepayment, insured or related
24 basis for renewable contract periods not in excess of one
25 year. Such amounts may not, on an annualized basis for

1 the initial agreement period, exceed per capita beneficiary
2 costs in the geographic area concerned during the 12-month
3 period prior to the effective date of the agreement. For any
4 subsequent periods the base 12-month period per capita bene-
5 ficiary costs shall also be applicable and adjusted by appro-
6 priate factors representing unit cost increases in covered
7 services.

8 “(2) Where such agreements are negotiated, provision
9 shall be made for assumption of risk by the underwriting
10 Professional Standards Review Organizations through
11 agreement to make contingent payment for physicians’ serv-
12 ices of not in excess of 80 per centum of the amounts other-
13 wise allowable for such services in the absence of such
14 agreement.

15 “(3) From any amounts remaining at the end of the
16 agreement period, provision shall be made for equal division
17 of such amounts between the Secretary (and the State in
18 the case of a federally matched program) and the Profes-
19 sional Standards Review Organizations. The amounts ac-
20 tually paid to the Professional Standards Review Organiza-
21 tions from the divided excess may not exceed the 20 per
22 centum of otherwise allowable amounts withheld plus an in-
23 centive payment not in excess of 25 per centum of the total
24 amounts allowable and payable for physicians’ services dur-
25 ing that year. Any remaining amounts of the Professional

Standards Review Organizations calculation in excess shall revert to the Secretary or to the State in the case of a federally matched health care program.

“(4) Any deficit shall be assumed by the Secretary or State agency in order to assure beneficiaries and recipients of payment for necessary care. The Professional Standards Review Organizations shall not be entitled to the 20 per centum of the otherwise allowable amounts for physicians’ services withheld in such period. In any subsequent year, the Secretary shall recover from any excess amounts remaining such additional amounts as had been paid by him or by a State agency to eliminate deficits in prior periods before calculation of any payments of withheld and incentive amounts to the Professional Standards Review Organizations.

“EXEMPTION OF CHRISTIAN SCIENCE SANATORIUMS

“SEC. 1171. The provisions of this part shall not apply with respect to a Christian Science sanatorium operated, or listed and certified, by the First Church of Christ, Scientist, Boston, Massachusetts.”

PART C—MISCELLANEOUS AND TECHNICAL PROVISIONS

COVERAGE PRIOR TO APPLICATION FOR MEDICAL

ASSISTANCE

SEC. 251. (a) Section 1902 (a) of the Social Security Act (as amended by sections ~~234(b)~~ and ~~238(b)~~ 234(b), 238(b) and 243 of this Act) is further amended—

1 (1) by striking out "and" at the end of paragraph
2 ~~(31)~~ (32);

3 (2) by striking out the period at the end of para-
4 graph ~~(32)~~ (33) and inserting in lieu thereof "; and";
5 and

6 (3) by inserting after paragraph ~~(32)~~ (33) the
7 following new paragraph:

8 "~~(33)~~ (34) provide that in the case of any indi-
9 vidual who has been determined to be eligible for medi-
10 cal assistance under the plan, such assistance will be
11 made available to him for care and services included
12 under the plan and furnished in or after the third month
13 before the month in which he made application for
14 such assistance if such individual was (or upon appli-
15 cation would have been) eligible for such assistance at
16 the time such care and services were furnished."

17 (b) The amendments made by subsection (a) shall
18 be effective July 1, 1971.

19 HOSPITAL ADMISSIONS FOR DENTAL SERVICES UNDER
20 MEDICARE PROGRAM

21 SEC. 252. (a) Section 1814 (a) (2) of the Social Secu-
22 rity Act is amended by striking out "or" at the end of sub-
23 paragraph (C), by adding "or" after the semicolon at the
24 end of subparagraph (D), and by inserting after subpara-
25 graph (D) the following new subparagraph:

“(E) in the case of inpatient hospital services in connection with a dental procedure, the individual suffers from impairments of such severity as to require hospitalization;”.

(b) Section 1861 (r) of such Act *is (as amended by sections 203 and 205 of this Act)* is further amended by inserting after “or any facial bone” the following: “, or (C) the certification required by section 1814 (a) (2) (E) of this Act,”.

(c) Section 1862 (a) (12) of such Act is amended by inserting before the semicolon the following: “, except that payment may be made under part A in the case of inpatient hospital services in connection with a dental procedure where the individual suffers from impairments of such severity as to require hospitalization”.

(d) The amendments made by this section shall apply with respect to admissions occurring after the second month following the month in which this Act is enacted.

EXEMPTION OF CHRISTIAN SCIENCE SANATORIUMS FROM
CERTAIN NURSING HOME REQUIREMENTS UNDER
MEDICAID PROGRAMS

SEC. 253. (a) Section 1902 (a) of the Social Security Act is amended by adding at the end thereof the following new sentence: “For purposes of paragraphs (26), (28) (B), (D), and (E), and (29), and of section 1903 (g)

1 (4), the terms 'skilled nursing home' and 'nursing home'
 2 do not include a Christian Science sanatorium operated, or
 3 listed and certified, by the First Church of Christ, Scientist,
 4 Boston, Massachusetts."

5 (b) Section 1908 (g) (1) of such Act is amended by
 6 inserting after "Secretary" the following: ", but does not
 7 include a Christian Science sanatorium operated, or listed
 8 and certified, by the First Church of Christ, Scientist, Boston,
 9 Massachusetts".

10 (c) The amendments made by this section shall be
 11 effective on the date of the enactment of this Act.

12 PHYSICAL THERAPY AND OTHER SERVICES UNDER
 13 MEDICARE PROGRAM

14 ~~SEC. 254. (a) (1) Section 1861 (p) of the Social Secu-~~
 15 ~~rity Act is amended by adding at the end thereof (after and~~
 16 ~~below paragraph (4) (B)) the following new sentence:~~
 17 ~~"Under regulations, the term 'outpatient physical therapy~~
 18 ~~services' also includes physical therapy services furnished an~~
 19 ~~individual by a physical therapist (in his office or in such~~
 20 ~~individual's home) who meets licensing and other standards~~
 21 ~~prescribed by the Secretary in regulations, otherwise than~~
 22 ~~under an arrangement with and under the supervision of a~~
 23 ~~provider of services, clinic, rehabilitation agency, or public~~
 24 ~~health agency, if the furnishing of such services meets such~~
 25 ~~conditions relating to health and safety as the Secretary may~~
 26 ~~find necessary."~~

1 ~~(2)~~ Section 1833 of such Act is amended by adding at
2 the end thereof the following new subsection:

3 ~~“(g)~~ In the case of services described in the next to
4 last sentence of section 1861~~(p)~~, with respect to expenses
5 incurred in any calendar year, no more than \$100 shall be
6 considered as incurred expenses for purposes of subsections
7 ~~(a)~~ and ~~(b)~~.”

8 ~~(3)~~ Section 1833~~(a)~~~~(2)~~ of such Act ~~(as amended by~~
9 section 230~~(b)~~ of this Act) is further amended by striking
10 out the period at the end of subparagraph ~~(B)~~ and inserting
11 in lieu thereof “; or”, and by adding after subparagraph ~~(B)~~
12 the following new subparagraph:

13 ~~“(C)~~ if such services are services to which the
14 next to last sentence of section 1861~~(p)~~ applies, the
15 reasonable charges for such services.”

16 ~~(4)~~ Section 1832~~(a)~~~~(2)~~~~(C)~~ of such Act is amended
17 by striking out “services.” and inserting in lieu thereof
18 “services, other than services to which the next to last sen-
19 tence of section 1861~~(p)~~ applies.”

20 ~~(b)~~~~(1)~~ Section 1861 ~~(p)~~ of such Act ~~(as amended by~~
21 subsection ~~(a)~~~~(1)~~ of this section) is further amended by
22 adding at the end thereof the following new sentence: “In
23 addition, such term includes physical therapy services which
24 meet the requirements of the first sentence of this subsection
25 except that they are furnished to an individual as an in-
26 patient of a hospital or extended care facility.”

1 *SEC. 254. (a)(1) Section 1861(p) of the Social*
2 *Security Act is amended by adding at the end thereof (after*
3 *and below paragraph (4)(B)) the following new sentence:*
4 *“In addition, such term includes physical therapy services*
5 *which meet the requirements of the first sentence of this sub-*
6 *section except that they are furnished to an individual as an*
7 *inpatient of a hospital or extended care facility.”*

8 (2) Section 1835 (a) (2) (C) of such Act is amended
9 by striking out “on an outpatient basis”.

10 ~~(e)~~ (b) Section 1861 (v) of such Act (as amended by
11 sections 221 (c) (4) and 223 (f) of this Act) is further
12 amended by redesignating paragraphs (5) and (6) as para-
13 graphs (6) and (7), respectively, and by inserting after
14 paragraph (4) the following new paragraph:

15 ~~“(5) Where physical therapy services are furnished by~~
16 ~~a provider of services or other organization specified in the~~
17 ~~first sentence of section 1861(p), or by others under an~~
18 ~~arrangement with such a provider or other organization, the~~
19 ~~amount included in any payment to such provider or organi-~~
20 ~~zation under this title as the reasonable cost of such services~~
21 ~~shall not exceed an amount equal to the salary which would~~
22 ~~reasonably have been paid for such services to the person~~
23 ~~performing them if they had been performed in an employ-~~

1 ~~ment relationship with such provider or organization rather~~
 2 ~~than under such arrangement."~~

3 “(5) Where physical therapy services, occupational
 4 therapy services or other therapy services or services of other
 5 health-related personnel (other than physicians) are furnished
 6 by a provider of services, or other organization specified in the
 7 first sentence of section 1861(p), or by others under an ar-
 8 rangement with such a provider or other organization, the
 9 amount included in any payment to such provider or organiza-
 10 tion under this title as the reasonable cost of such services shall
 11 not exceed an amount equal to the salary which would reason-
 12 ably have been paid for such services to the person performing
 13 them if they had been performed in an employment relationship
 14 with such provider or organization (rather than under such
 15 arrangement) plus the cost of such other expenses incurred by
 16 such person not working as a full-time employee, as the Secre-
 17 tary may in regulations determine to be appropriate.”

18 ~~(d) (1) The amendments made by subsections (a)~~
 19 ~~and (b) shall apply with respect to services furnished on or~~
 20 ~~after January 1, 1971.~~

21 (c) (1) The amendments made by subsection (a) shall
 22 apply with respect to services furnished after June 30, 1971.

1 (2) The amendments made by subsection ~~(e)~~ (b) shall
2 be effective with respect to accounting periods beginning on
3 or after ~~January 1~~ June 30, 1971.

4 EXTENSION OF GRACE PERIOD FOR TERMINATION OF SUP-
5 PLEMENTARY MEDICAL INSURANCE COVERAGE WHERE

6 FAILURE TO PAY PREMIUMS IS DUE TO GOOD CAUSE

7 SEC. 255. (a) Section 1838 (b) of the Social Security
8 Act is amended by striking out “(not in excess of 90 days)”
9 in the third sentence, and by adding at the end thereof the
10 following new sentence: “The grace period determined under
11 the preceding sentence shall not exceed 90 days; except that
12 it may be extended to not to exceed 180 days in any case
13 where the Secretary determines that there was good cause for
14 failure to pay the overdue premiums within such 90-day
15 period.”

16 (b) The amendments made by subsection (a) shall
17 apply with respect to nonpayment of premiums which be-
18 come due and payable on or after the date of the enact-
19 ment of this Act or which became payable within the
20 90-day period immediately preceding such date; and for
21 purposes of such amendments any premium which became
22 due and payable within such 90-day period shall be con-

1 sidered a premium becoming due and payable on the date
2 of the enactment of this Act.

3 EXTENSION OF TIME FOR FILING CLAIM FOR SUPPLEMEN-
4 TARY MEDICAL INSURANCE BENEFITS WHERE DELAY
5 IS DUE TO ADMINISTRATIVE ERROR

6 SEC. 256. (a) Section 1842 (b) (3) of the Social
7 Security Act (as amended by section 224 (a) of this
8 Act) is further amended by adding at the end thereof the
9 following new sentence: "The requirement in subparagraph
10 (B) that a bill be submitted or request for payment be
11 made by the close of the following calendar year shall not
12 apply if (i) failure to submit the bill or request the payment
13 by the close of such year is due to the error or misrep-
14 sentation of an officer, employee, fiscal intermediary, carrier,
15 or agent of the Department of Health, Education, and Wel-
16 fare performing functions under this title and acting within
17 the scope of his or its authority, and (ii) the bill is submitted
18 or the payment is requested promptly after such error or mis-
19 representation is eliminated or corrected."

20 (b) The amendment made by subsection (a) shall ap-
21 ply with respect to bills submitted and requests for payment
22 made after March 1968.

1 WAIVER OF ENROLLMENT PERIOD REQUIREMENTS WHERE
2 INDIVIDUAL'S RIGHTS WERE PREJUDICED BY ADMINIS-
3 TRATIVE ERROR OR INACTION

4 SEC. 257. (a) Section 1837 of the Social Security Act
5 is amended by adding at the end thereof the following new
6 subsection:

7 “(f) In any case where the Secretary finds that an indi-
8 vidual's enrollment or nonenrollment in the insurance pro-
9 gram established by this part is unintentional, inadvertent,
10 or erroneous and is the result of the error, misrepresenta-
11 tion, or inaction of an officer, employee, or agent of the De-
12 partment of Health, Education, and Welfare, the Secretary
13 may take such action (including the designation for such
14 individual of a special initial or subsequent enrollment period,
15 with a coverage period determined on the basis thereof and
16 with appropriate adjustments of premiums) as may be neces-
17 sary to correct or eliminate the effects of such error, mis-
18 representation, or inaction.”

19 (b) The amendment made by subsection (a) shall be
20 effective as of July 1, 1966.

21 ELIMINATION OF PROVISIONS PREVENTING ENROLLMENT
22 IN SUPPLEMENTARY MEDICAL INSURANCE PROGRAM
23 MORE THAN THREE YEARS AFTER FIRST OPPORTUNITY

24 SEC. 258. Section 1837 (b) of the Social Security Act
25 is amended to read as follows:

1 “(b) No individual may enroll under this part more than
2 twice.”

3 WAIVER OF RECOVERY OF INCORRECT PAYMENTS FROM
4 SURVIVOR WHO IS WITHOUT FAULT UNDER MEDICARE
5 PROGRAM

6 SEC. 259. (a) Section 1870 (c) of the Social Security
7 Act is amended by striking out “and where” and inserting in
8 lieu thereof the following: “or where the adjustment (or
9 recovery) would be made by decreasing payments to which
10 another person who is without fault is entitled as provided
11 in subsection (b) (4), if”.

12 (b) The amendment made by subsection (a) shall
13 apply with respect to waiver actions considered after the date
14 of the enactment of this Act.

15 REQUIREMENT OF MINIMUM AMOUNT OF CLAIM TO ES-
16 TABLISH ENTITLEMENT TO HEARING UNDER SUPPLE-
17 MENTARY MEDICAL INSURANCE PROGRAM

18 SEC. 260. (a) Section 1842 (b) (3) (C) of the Social
19 Security Act is amended by inserting after “a fair hearing by
20 the carrier” the following: “, in any case where the amount
21 in controversy is \$100 or more,”.

22 (b) The amendment made by subsection (a) shall
23 apply with respect to hearings requested (under the proce-
24 dures established under section 1842 (b) (3) (C) of the

1 Social Security Act) after the date of the enactment of this
2 Act.

3 COLLECTION OF SUPPLEMENTARY MEDICAL INSURANCE
4 PREMIUMS FROM INDIVIDUALS ENTITLED TO BOTH
5 SOCIAL SECURITY AND RAILROAD RETIREMENT
6 BENEFITS

7 SEC. 261. (a) Section 1840 (a) (1) of the Social Se-
8 curity Act is amended by striking out "subsection (d)" and
9 inserting in lieu thereof "subsections (b) (1) and (c)".

10 (b) Section 1840 (b) (1) of such Act is amended by
11 inserting "(whether or not such individual is also entitled
12 for such month to a monthly insurance benefit under section
13 202)" after "1937", and by striking out "subsection (d)"
14 and inserting in lieu thereof "subsection (c)".

15 (c) Section 1840 of such Act is further amended by
16 striking out subsection (c), and by redesignating subsections
17 (d) through (i) as subsections (c) through (h),
18 respectively.

19 (d) (1) Section 1840 (e) of such Act (as so redesign-
20 nated) is amended by striking out "subsection (d)" and
21 inserting in lieu thereof "subsection (c)".

22 (2) Section 1840 (f) of such Act (as so redesignated)
23 is amended by striking out "subsection (d) or (f)" and
24 inserting in lieu thereof "subsection (c) or (e)".

25 (3) Section 1840 (h) of such Act (as so redesignated)

1 is amended by striking out “(c), (d), and (e)” and insert-
2 ing in lieu thereof “(c), and (d)”.

3 (4) Section 1841 (h) of such Act is amended by strik-
4 ing out “1840 (e)” and inserting in lieu thereof “1840 (d)”.

5 (e) Section 1841 of such Act is amended by adding
6 at the end thereof the following new subsection:

7 “(i) The Managing Trustee shall pay from time to time
8 from the Trust Fund such amounts as the Secretary of
9 Health, Education, and Welfare certifies are necessary to
10 pay the costs incurred by the Railroad Retirement Board
11 in making deductions pursuant to section 1840 (b) (1). Dur-
12 ing each fiscal year or after the close of such fiscal year,
13 the Railroad Retirement Board shall certify to the Secretary
14 the amount of the costs it incurred in making such deduc-
15 tions and such certified amount shall be the basis for the
16 amount of such costs certified by the Secretary to the Man-
17 aging Trustee.”

18 (f) The amendments made by this section shall apply
19 with respect to premiums becoming due and payable after
20 the fourth month following the month in which this Act
21 is enacted *June 30, 1971*.

22 PAYMENT FOR CERTAIN INPATIENT HOSPITAL SERVICES

23 FURNISHED OUTSIDE THE UNITED STATES

24 SEC. 262. (a) Section 1814 (f) of the Social Security
25 Act is amended to read as follows:

1 "Payment for Certain Inpatient Hospital Services Furnished
2 Outside the United States

3 "(f) (1) Payment shall be made for inpatient hospital
4 services furnished to an individual entitled to hospital in-
5 surance benefits under section 226 by a hospital located
6 outside the United States, or under arrangements (as de-
7 fined in section 1861 (w)) with it, if—

8 "(A) such individual is a resident of the United
9 States, and

10 "(B) such hospital was closer to, or substantially
11 more accessible from, the residence of such individual
12 than the nearest hospital within the United States which
13 was adequately equipped to deal with, and was available
14 for the treatment of, such individual's illness or injury.

15 "(2) Payment may also be made for emergency in-
16 patient hospital services furnished to an individual entitled
17 to hospital insurance benefits under section 226 by a hospital
18 located outside the United States if—

19 "(A) such individual was physically present in a
20 place within the United States at the time the emer-
21 gency which necessitated such inpatient hospital serv-
22 ices occurred, and

23 "(B) such hospital was closer to, or substantially
24 more accessible from, such place than the nearest hos-
25 pital within the United States which was adequately

1 equipped to deal with, and was available for the treat-
2 ment of, such individual's illness or injury.

3 “(3) Payment shall be made in the amount pro-
4 vided under subsection (b) to any hospital for the inpatient
5 hospital services described in paragraph (1) or (2) fur-
6 nished to an individual by the hospital or under arrange-
7 ments (as defined in section 1861 (w)) with it if (A) the
8 Secretary would be required to make such payment if the
9 hospital had an agreement in effect under this title and other-
10 wise met the conditions of payment hereunder, (B) such
11 hospital elects to claim such payment, and (C) such hos-
12 pital agrees to comply, with respect to such services, with
13 the provisions of section 1866 (a).

14 “(4) Payment for the inpatient hospital services de-
15 scribed in paragraph (1) or (2) furnished to an individual
16 entitled to hospital insurance benefits under section 226 may
17 be made on the basis of an itemized bill to such individual
18 if (A) payment for such services cannot be made under
19 paragraph (3) solely because the hospital does not elect to
20 claim such payment, and (B) such individual files applica-
21 tion (submitted within such time and in such form and
22 manner and by such person, and containing and supported
23 by such information as the Secretary shall by regulations
24 prescribe) for reimbursement. The amount payable with
25 respect to such services shall, subject to the provisions of

1 section 1813, be equal to the amount which would be pay-
2 able under subsection (d) (3).”

3 (b) Section 1861 (e) of such Act is amended—

4 (1) by striking out “except for purposes of sections
5 1814 (d) and 1835 (b)” and inserting in lieu thereof
6 “except for purposes of sections 1814 (d), 1814 (f), and
7 1835 (b)”;

8 (2) by inserting “, section 1814 (f) (2),” immedi-
9 ately after “For purposes of sections 1814 (d) and 1835
10 (b) (including determinations of whether an individual
11 received inpatient hospital services or diagnostic services
12 for purposes of such sections)”; and

13 (3) by inserting after the third sentence the fol-
14 lowing new sentence: “For purposes of section 1814 (f)
15 (1), such term includes an institution which (i) is a
16 hospital for purposes of section 1814 (d), 1814 (f) (2),
17 and 1835 (b) and (ii) is accredited by the Joint Com-
18 mission on Accreditation of Hospitals, or is accredited
19 by or approved by a program of the country in which
20 such institution is located if the Secretary finds the ac-
21 creditation or comparable approval standards of such
22 program to be essentially equivalent to those of the Joint
23 Commission on Accreditation of Hospitals.”

24 ~~(c) Section 1862 (a) (4) of such Act is amended by~~
25 ~~striking out “emergency”.~~

1 (c) (1) Section 1862(a)(4) of such Act is amended
2 by—

3 (1) striking out “emergency”; and

4 (2) inserting after “1814(f)” the following:

5 “and, subject to such conditions, limitations, and requirements
6 as are provided under or pursuant to this title, physicians’
7 services and ambulance services furnished an individual in
8 conjunction with such inpatient hospital services but only
9 for the period during which such inpatient hospital services
10 were furnished;”.

11 (2) Section 1861(r) of such Act (as amended by sec-
12 tions 203, 205(a), and 252(b) of this Act) is further
13 amended by adding the following sentence: “For the purposes
14 of section 1862(a)(4) and subject to the limitations and con-
15 ditions provided in the previous sentence, such term includes a
16 doctor of one of the arts, specified in such previous sentence,
17 legally authorized to practice such art in the country in which
18 the inpatient hospital services (referred to in such section
19 1862(a)(4)) are furnished.”

20 (3) Section 1842(b)(3)(B)(ii) of such Act is
21 amended by striking out “service;” and inserting in lieu
22 thereof the following: “service (except in the case of phy-
23 sicians’ services and ambulance service furnished as de-
24 scribed in section 1862(a)(4), other than for purposes of
25 section 1870(f));”

1 (4) Section 1833(a)(1) of such Act (as amended by
 2 section 244(a) of this Act) is further amended by striking
 3 out "and" before "(C)", and by inserting before the semicolon
 4 at the end thereof the following: ", and (D) with respect to ex-
 5 penses incurred for those physicians' services for which pay-
 6 ment may be made under this part that are described in sec-
 7 tion 1862(a)(4), the amounts paid shall be subject to such
 8 limitations as may be prescribed by regulations".

9 (d) The amendments made by this section shall apply
 10 to services furnished with respect to admissions occurring
 11 after ~~December 31, 1970~~ June 30, 1971.

12 STUDY OF CHIROPRACTIC COVERAGE

13 ~~SEC. 263.~~ The Secretary, utilizing the authority con-
 14 ferred by section ~~1110~~ of the Social Security Act, shall con-
 15 duct a study of the coverage of services performed by chiro-
 16 practors under State plans approved under title ~~XIX~~ of such
 17 Act in order to determine whether and to what extent such
 18 services should be covered under the supplementary medical
 19 insurance program under part B of title ~~XVIII~~ of such Act,
 20 giving particular attention to the limitations which should
 21 be placed upon any such coverage and upon payment there-
 22 for. Such study shall include one or more experimental, pilot,
 23 or demonstration projects designed to assist in providing
 24 under controlled conditions the information necessary to
 25 achieve the objectives of the study. The Secretary shall re-
 26 port the results of such study to the Congress within two

1 years after the date of the enactment of this Act, together
 2 with his findings and recommendations based on such study
 3 ~~(and on such other information as he may consider relevant~~
 4 ~~concerning experience with the coverage of chiropractors by~~
 5 ~~public and private plans).~~

6 MISCELLANEOUS TECHNICAL AND CLERICAL
 7 AMENDMENTS

8 SEC. 264 263. (a) Clause (A) of section 1902 (a) (26)
 9 of the Social Security Act is amended by striking out “eval-
 10 uation” and inserting in lieu thereof “evaluation)”, and by
 11 striking out “care)” and inserting in lieu thereof “care”.

12 (b) Section 1908 (d) of such Act is amended by strik-
 13 ing out “subsection (b) (1)” and inserting in lieu thereof
 14 “subsection (c) (1)”.

15 (c) Section 408 (f) of such Act is amended by striking
 16 out “522 (a)” and inserting in lieu thereof “422 (a)”.

17 PROGRAM FOR DETERMINING QUALIFICATIONS FOR
 18 CERTAIN HEALTH CARE PERSONNEL

19 SEC. 264. Title XI of the Social Security Act is amended
 20 by adding after section 1123 (as added by section 240 (a) of
 21 this Act) and before section 1151 (as added by section 245
 22 (b) of this Act) the following new section:

23 “PROGRAM FOR DETERMINING QUALIFICATIONS FOR
 24 CERTAIN HEALTH CARE PERSONNEL

25 “SEC. 1124. (a) The Secretary, in carrying out his func-
 26 tions relating to the qualifications for health care personnel

1 under title XVIII, shall develop (in consultation with ap-
2 propriate professional health organizations and State health
3 and licensure agencies) and conduct (in conjunction with
4 State health and licensure agencies) until December 31, 1975,
5 a program designed to determine the proficiency of individuals
6 (who do not otherwise meet the formal educational, profes-
7 sional membership, or other specific criteria established for
8 determining the qualifications of practical nurses, therapists,
9 laboratory technicians, X-ray technicians, psychiatric techni-
10 cians or other health care technicians and technologists) to
11 perform the duties and functions of practical nurses, thera-
12 pists, laboratory technicians, X-ray technicians, psychiatric
13 technicians, or other health care technicians or technologists.
14 Such program shall include (but not be limited to) the em-
15 ployment of procedures for the formal testing of the pro-
16 ficiency of individuals. In the conduct of such program, no
17 individual who otherwise meets the proficiency requirements
18 for any health care specialty shall be denied a satisfactory
19 proficiency rating solely because of his failure to meet formal
20 educational or professional membership requirements.

21 “(b) If any individual has been determined, under the
22 program established pursuant to subsection (a), to be quali-
23 fied to perform the duties and functions of any health care
24 specialty, no person or provider utilizing the services of such
25 individual to perform such duties and functions shall be denied
26 payment, under title XVIII or under any State plan ap-

1 proved under title XIX, for any health care services provided
2 by such person on the grounds that such individual is not
3 qualified to perform such duties and functions.

4 INSPECTOR GENERAL FOR HEALTH ADMINISTRATION

5 SEC. 265. (a) Title XI of the Social Security Act is
6 amended by adding after section 1124 (as added by section
7 264 of this Act) and before section 1151 (as added by sec-
8 tion 245(b) of this Act) the following new section:

9 “INSPECTOR GENERAL FOR HEALTH ADMINISTRATION

10 “SEC. 1125. (a) (1) In addition to other officers within
11 the Department of Health, Education, and Welfare, there
12 shall be, within such Department, an officer with the title of
13 ‘Inspector General for Health Administration’ (hereinafter
14 in this section referred to as the ‘Inspector General’), who
15 shall be appointed or reappointed by the President, by and
16 with the advice and consent of the Senate. In addition, there
17 shall be a Deputy Inspector General for Health Administra-
18 tion (hereinafter referred to as the ‘Deputy Inspector Gen-
19 eral’), and such additional personnel as may be required to
20 carry out the functions vested in the Inspector General by
21 this section.

22 “(2) The term of office of any individual appointed or
23 reappointed to the position of Inspector General shall expire
24 6 years after the date he takes office pursuant to such ap-
25 pointment or reappointment.

1 “(b) *The Inspector General shall report directly to the*
2 *Secretary of Health, Education, and Welfare (hereinafter in*
3 *this section referred to as the ‘Secretary’); and, in carrying*
4 *out the functions vested in him by this section, the Inspector*
5 *General shall not be under the control of, or subject to*
6 *supervision by, any officer of the Department of Health,*
7 *Education, and Welfare, other than the Secretary.*

8 “(c) (1) *It shall be the duty and responsibility of the*
9 *Inspector General to arrange for, direct or conduct such re-*
10 *views, inspections, and audits of the health insurance program*
11 *established by title XVIII, the medical assistance programs*
12 *established pursuant to title XIX and any other programs of*
13 *health care authorized under any other title of this Act as he*
14 *considers necessary for ascertaining the efficiency and economy*
15 *of their administration, their consonance with the provisions*
16 *of law by or pursuant to which such programs were estab-*
17 *lished, and the attainment of the objectives and purposes for*
18 *which such provisions of law were enacted.*

19 “(2) *The Inspector General shall maintain continuous*
20 *observation and review of programs with respect to which he*
21 *has responsibilities under paragraph (1) of this subsection*
22 *for the purpose of—*

23 “(A) *determining the extent to which such pro-*
24 *grams are in compliance with applicable laws and*
25 *regulations;*

1 “(B) making recommendations for the correction
2 of deficiencies in, or for improving the organization,
3 plans, procedures, or administration of, such programs;
4 and

5 “(C) evaluating the effectiveness of such programs
6 in attaining the objectives and purposes of the provisions
7 of law by or pursuant to which such programs were
8 established.

9 “(d)(1) For purposes of aiding in carrying out his
10 duties under this section, the Inspector General shall have
11 access to all records, reports, audits, reviews, documents,
12 papers, recommendations, or other material of or available to
13 the Department of Health, Education, and Welfare which
14 relate to the programs with respect to which the Inspector
15 General has responsibilities under this section.

16 “(2) The head of any Federal department, agency,
17 office, or instrumentality shall, at the request of the Inspector
18 General, provide any information which the Inspector Gen-
19 eral determines will be helpful to him in carrying out his
20 responsibilities under this section.

21 “(e)(1) The Inspector General shall have authority
22 to suspend any regulation, practice, or procedure employed in
23 the administration of any program with respect to which he
24 has responsibilities under this section if, as a result of any

1 study, investigation, review, or audit of such program, he
2 determines that—

3 “(A) the suspension of such regulation, practice,
4 or procedure will promote efficiency or economy in the
5 administration of such program; or

6 “(B) such regulation, practice, or procedure is con-
7 trary to applicable provisions of law, or does not carry
8 out the objectives and purposes of the provisions of law
9 by or pursuant to which there was established the pro-
10 gram in connection with which such regulation, practice,
11 or procedure is promulgated, instituted, or applied.

12 “(2)(A) Any suspension by the Inspector General of
13 any regulation, practice, or procedure pursuant to this sub-
14 section shall remain in effect until the Inspector General
15 issues an order reinstating such regulation, practice, or pro-
16 cedure; except that (i) in the case of any existing regulation,
17 the Secretary may, at any time after any such suspension by
18 the Inspector General, issue an order revoking such suspen-
19 sion, and (ii) in the case of a suspension of a practice or
20 procedure or the application of a proposed regulation, the
21 Secretary may, at any time later than 30 days after any such
22 suspension by the Inspector General, issue an order revoking
23 such suspension.

24 “(B) Whenever the Secretary issues an order revoking
25 any such suspension by the Inspector General, he shall

1 promptly notify the Committee on Finance of the Senate
2 and the Committee on Ways and Means of the House of
3 Representatives of such order and shall submit to each such
4 committee information explaining his reasons for the issuance
5 of such order.

6 “(f) (1) The Inspector General may, from time to time,
7 submit such reports to the Committee on Finance of the Sen-
8 ate and the Committee on Ways and Means of the House of
9 Representatives relating to his activities as he deems to be
10 appropriate.

11 “(2) Whenever either of the committees referred to in
12 paragraph (1) makes a request to the Inspector General to
13 furnish such committee with any information, or to conduct
14 any study or investigation and report the findings resulting
15 therefrom to such committee, the Inspector General shall
16 comply with such request.

17 “(3) Whenever the Inspector General issues an order
18 suspending or reinstating any regulation, practice, or pro-
19 cedures pursuant to subsection (e), he shall promptly notify
20 the Committee on Finance of the Senate and the Committee
21 on Ways and Means of the House of Representatives of such
22 order and shall submit to each such Committee information
23 explaining his reasons for the issuance of such order.

24 “(g) The Inspector General may make expenditures
25 (not in excess of \$50,000 in any fiscal year) of a confiden-

1 *tial nature when he finds that such expenditures are in aid*
2 *of inspections, audits, or reviews under this section; but such*
3 *expenditures so made shall not be utilized to make payments,*
4 *to any one individual, the aggregate of which exceeds*
5 *\$2,000. The Inspector General shall submit annually a con-*
6 *fidential report on expenditures under this provision to the*
7 *Committee on Finance of the Senate and the Committee on*
8 *Ways and Means of the House of Representatives.*

9 “(h)(1) *Expenses of the Inspector General relating*
10 *to the health insurance program established by title XVIII*
11 *shall be payable from the Federal Hospital Insurance Trust*
12 *Fund and from the Federal Supplementary Medical Insur-*
13 *ance Trust Fund, with such portions being paid from each*
14 *such Fund as the Secretary shall deem to be appropriate.*
15 *Expenses of the Inspector General relating to medical assist-*
16 *ance programs established pursuant to title XIX shall be*
17 *payable from funds appropriated to carry out such title; and*
18 *expenses of the Inspector General relating to any program*
19 *of health care authorized under any title of this Act (other*
20 *than titles XVIII and XIX) shall be payable from funds*
21 *appropriated to carry out such program.*

22 “(2) *There are hereby authorized to be appropriated*
23 *such sums as may be necessary to carry out the purposes*
24 *of this section.*

25 “(i) *The Secretary shall provide the Inspector General*

1 and his staff with appropriate office space within the facili-
 2 ties of the Department of Health, Education, and Welfare,
 3 together with such equipment, office supplies, and com-
 4 munications facilities and services, as may be necessary for
 5 the operation of such office and shall provide necessary
 6 maintenance services for such office and the equipment and
 7 facilities located therein.”

8 (b) Section 5315 of title 5, United States Code, is
 9 amended by inserting:

10 “(93) Inspector General for Health Administra-
 11 tion.”

12 immediately below

13 “(92) Executive Vice President, Overseas Private
 14 Investment Corporation.”

15 INCREASE IN LIMITATION ON PAYMENTS TO PUERTO

16 RICO FOR MEDICAL ASSISTANCE

17 SEC. 266. (a) Section 1108(c)(1) of the Social Se-
 18 curity Act is amended by striking “\$20,000,000” and
 19 inserting in lieu thereof “\$30,000,000”.

20 (b) The amendment made by this section shall apply
 21 with respect to fiscal years beginning after June 30, 1971.

22 ESTABLISHMENT OF PRIORITIES FOR SCREENING OF CHIL-
 23 DREN UNDER MEDICAL ASSISTANCE PROGRAMS

24 SEC. 267. Section 1905(a)(4)(B) of the Social Secu-
 25 rity Act is amended by inserting immediately after the semi-

1 colon at the end thereof the following: “and, in order to assure
 2 the orderly implementation of this subclause (B), such regu-
 3 lations shall establish priorities with respect to the screening
 4 of eligible individuals in order of age groups;”.

5 *TREATMENT IN MENTAL HOSPITALS FOR INDIVIDUALS*

6 *UNDER AGE 21*

7 *SEC. 268. (a) Section 1905(a) of the Social Security*
 8 *Act is amended—*

9 *(1) by striking the word “and” in paragraph (14);*

10 *(2) by redesignating paragraph (15) as paragraph*
 11 *(17);*

12 *(3) by inserting after paragraph (14) the follow-*
 13 *ing new paragraph:*

14 *“(15) effective July 1, 1971, inpatient psychiatric*
 15 *hospital services for individuals under 21, as defined in*
 16 *subsection (c);”.*

17 *(b) Section 1905 of such Act is further amended by*
 18 *adding after subsection (b) the following new subsection:*

19 *“(c)(1) For purposes of paragraph (15) of subsec-*
 20 *tion (a), the term ‘inpatient psychiatric hospital services for*
 21 *individuals under age 21’ includes only—*

22 *“(A) inpatient services which are provided in an*
 23 *institution which is accredited as a psychiatric hospital*
 24 *by the Joint Commission on Accreditation of Hospitals;*

25 *“(B) inpatient services which, in the case of any*

individual, involves active treatment (which meets such standards, equivalent to standards applicable with respect to inpatient psychiatric hospital services under title XVIII, as may be prescribed in regulations by the Secretary) of such individual; and

“(C) inpatient services which, in the case of any individual, are provided prior to (A) the date such individual attains age 21, or (B) in the case of an individual who was receiving such services in the period immediately preceding the date on which he attained age 21, (i) the date such individual no longer requires such services, or (ii) if earlier, the date such individual attains age 22;

“(2) Such term does not include services provided during any calendar quarter under the State plan of any State if the total amount of the funds expended, during such quarter, by the State (and the political subdivisions thereof) from non-Federal funds for services included under paragraph (1) is less than the average quarterly amount of the funds expended, during the 4-quarter period ending December 31, 1970, by the State (and the political subdivisions thereof) from non-Federal funds for such services.”

(c) Section 1905(a) is further amended by striking out, in the part which follows paragraph (17) (as redesignated by subsection (a) of this section), “except that”

1 *and inserting in lieu thereof "except as otherwise provided*
2 *in paragraph (15),".*

3 *INCLUSION UNDER MEDICAID OF CARE IN INTERMEDIATE*
4 *CARE FACILITIES*

5 *SEC. 269. (a) Section 1905(a) of the Social Security*
6 *Act is amended by inserting after clause (15) (as added*
7 *by section 268 of this Act) the following new clause:*

8 *"(16) effective July 1, 1971, intermediate care fa-*
9 *cility services (other than such services in an institution*
10 *for tuberculosis or mental diseases) for individuals who*
11 *are determined, in accordance with section 1902(a) (33)*
12 *(A), to be in need of such care;".*

13 *(b) Section 1905 of such Act is amended by adding*
14 *at the end thereof the following new subsections:*

15 *"(d) For purposes of this title the term 'intermediate*
16 *care facility' means an institution or distinct part thereof*
17 *which (1) is licensed under State law to provide, on a regu-*
18 *lar basis, health-related care and services to individuals who*
19 *do not require the degree of care and treatment which a hos-*
20 *pital or skilled nursing home is designed to provide, but who*
21 *because of their mental or physical condition require care*
22 *and services (beyond the level of room and board) which*
23 *can be made available to them only through institutional*
24 *facilities, (2) has on its staff at least one full-time licensed*
25 *practical nurse, (3) meets such standards prescribed by the*

1 Secretary as he finds appropriate for the proper provision of
 2 such care, and (4) meets such standards of safety and sanita-
 3 tion as are applicable to nursing homes under State law. The
 4 term 'intermediate care facility' also includes a Christian
 5 Science sanatorium operated, or listed and certified, by the
 6 First Church of Christ, Scientist, Boston, Massachusetts, but
 7 only with respect to institutional services deemed appropriate
 8 by the State. With respect to services furnished to individuals
 9 under age 65, the term 'intermediate care facility' shall not
 10 include, except as provided in subsection (e), any public
 11 institution or distinct part thereof for mental diseases or
 12 mental defects. Clause (2) shall not apply to any such insti-
 13 tution or distinct part thereof which meets the requirements
 14 of subsection (e).

15 “(e) The term 'intermediate care facility services' may
 16 include services in a public institution (or distinct part
 17 thereof) for the mentally retarded or persons with related
 18 conditions if—

19 “(1) the primary purpose of such institution (or
 20 distinct part thereof) is to provide health or rehabilitative
 21 services for mentally retarded individuals and which meet
 22 such standards as may be prescribed by the Secretary;

23 “(2) the mentally retarded individual with respect
 24 to whom a request for payment is made under a plan

1 *approved under this title is receiving active treatment*
 2 *under such a program; and*

3 *“(3) the State or political subdivision responsible*
 4 *for the operation of such institution has agreed that the*
 5 *non-Federal expenditures with respect to patients in such*
 6 *institution (or distinct part thereof) will not be reduced*
 7 *because of payments made under this title.”*

8 *(c) Effective July 1, 1971, section 1121 of such Act*
 9 *is repealed.*

10 *USE OF CONSULTANTS FOR EXTENDED CARE FACILITIES*

11 *SEC. 270. Section 1864(a) of the Social Security Act*
 12 *is amended by adding at the end the following new sentence:*
 13 *“Any State agency which has such an agreement may, sub-*
 14 *ject to approval of the Secretary, furnish to an extended care*
 15 *facility, after proper request by such facility, such specialized*
 16 *consultative services (which such agency is able and will-*
 17 *ing to furnish) as such facility may need to meet one or more*
 18 *of the conditions specified in section 1861(j). Any such*
 19 *services furnished by a State agency shall be deemed to have*
 20 *been furnished pursuant to such agreement.”*

21 *TERMINATION OF NATIONAL ADVISORY COUNCIL ON*
 22 *NURSING HOME ADMINISTRATION*

23 *SEC. 271. Section 1908(f)(5) of the Social Security*
 24 *Act is amended by striking out “December 31, 1971” and*
 25 *inserting in lieu thereof “December 31, 1970”.*

1 *AUTHORITY FOR MISSOURI TO MODIFY ITS MEDICAL AS-*
 2 *SISTANCE PROGRAM: REPEAL OF SECTION 1902(d) OF*
 3 *THE SOCIAL SECURITY ACT*

4 *SEC. 272. (a) The State of Missouri is hereby author-*
 5 *ized to modify its State plan approved under title XIX of the*
 6 *Social Security Act, effective for the fourth-quarter period*
 7 *commencing July 1, 1970, in accordance with the provisions*
 8 *of section 1902(d) of such Act (but without application of*
 9 *clause (1) of the first sentence thereof).*

10 *(b) Section 1902(d) of the Social Security Act is re-*
 11 *pealed.*

12 *PENALTIES FOR FRAUDULENT ACTS AND FALSE*
 13 *REPORTING UNDER MEDICARE AND MEDICAID*

14 *SEC. 273. (a) Section 1872 of the Social Security Act*
 15 *is amended by striking out "208,".*

16 *(b) Title XVIII of the Social Security Act is amended*
 17 *by adding at the end thereof (after section 1876 added to*
 18 *such Act by section 239(a) of this Act) the following new*
 19 *section:*

20 *"PENALTIES*

21 *"SEC. 1877 (a) The provisions of section 208 of this*
 22 *Act shall apply with respect to this title to the same extent*
 23 *as they are applicable with respect to title II, except that in*
 24 *the case of penalties applicable to this title, such penalties*

1 shall be a fine of not more than \$10,000 or imprisonment for
2 not more than one year, or both.

3 “(b) Notwithstanding the provisions of subsection (a),
4 any provider of services, supplier, physician, or other person
5 who furnishes items or services to an individual for which
6 payment is or may be made under this title and who solicits,
7 offers, or receives any—

8 (1) kickback or bribe in connection with the fur-
9 nishing of such items or services or the making or receipt
10 of such payment, or

11 (2) rebate of any fee or charge for referring any
12 such individual to another person for the furnishing of
13 such items or services

14 shall be guilty of a misdemeanor and upon conviction thereof
15 shall be fined not more than \$10,000 or imprisoned for not
16 more than one year, or both.

17 “(c) Whoever knowingly and willfully makes or causes
18 to be made, or induces or seeks to induce the making of, any
19 false statement or representation of a material fact with
20 respect to the conditions or operation of any institution or
21 facility in order that such institution or facility may qualify
22 as a hospital, extended care facility, or home health agency
23 (as those terms are defined in section 1861), shall be guilty
24 of a misdemeanor and upon conviction thereof shall be fined

1 not more than \$2,000 or imprisoned for not more than 6
2 months, or both."

3 (c) Title XIX of such Act is amended by adding after
4 section 1908 the following new section:

5 "PENALTIES

6 "SEC. 1909. (a) Any person who furnishes items or
7 services to an individual for which payment is or may be made
8 in whole or in part out of Federal funds under a State plan
9 approved under this title and who solicits, offers or receives
10 any—

11 (1) kickback or bribe in connection with the furnish-
12 ing of such items or services or the making or receipt of
13 such payment, or

14 (2) rebate of any fee or charge for referring any
15 such individual to another person for the furnishing of
16 such items or services

17 shall be guilty of a misdemeanor and upon conviction thereof
18 shall be fined not more than \$10,000 or imprisoned for not
19 more than one year, or both.

20 "(b) Whoever knowingly and willfully makes or causes
21 to be made, or induces or seeks to induce the making of, any
22 false statement or representation of a material fact with re-
23 spect to the conditions or operation of any institution or
24 facility in order that such institution or facility may qualify

1 as a hospital, skilled nursing home, intermediate care facility,
 2 or home health agency (as those terms are employed in this
 3 title) shall be guilty of a misdemeanor and upon conviction
 4 thereof shall be fined not more than \$2,000 or imprisoned for
 5 not more than 6 months, or both."

6 (d) The provisions of subsection (a) shall not be appli-
 7 cable to any acts, statements, or representations made or com-
 8 mitted prior to the enactment of this Act.

9 PUBLIC ACCESS TO RECORDS CONCERNING AN
 10 INSTITUTION'S QUALIFICATION

11 SEC. 274. Section 1866 of the Social Security Act is
 12 amended by (1) redesignating subsection (e) as subsection
 13 (f) and (2) inserting after subsection (d) the following new
 14 subsection:

15 "(e) If the Secretary finds that a hospital or extended
 16 care facility which has entered into an agreement under this
 17 section has failed to comply with one or more of the appli-
 18 cable provisions of section 1861 and regulations issued there-
 19 under, but that such failure is not sufficient to justify a termi-
 20 nation of such agreement, he shall notify such hospital or
 21 extended care facility of such failure. If after a reasonable
 22 length of time, not to exceed 90 days from the date of such
 23 notification, such failure still exists, the Secretary shall make
 24 public (as provided in regulation) in readily available form
 25 and place information as to such failure by such hospital or
 26 extended care facility."

1 *LIEN IN FAVOR OF UNITED STATES WHERE OVERPAY-*
2 *MENT DETERMINED*

3 *SEC. 275. Title XVIII of the Social Security Act is*
4 *amended by adding at the end thereof (after section 1877*
5 *added to such Act by section 273 of this Act) the following*
6 *new section:*

7 *"LIEN IN FAVOR OF UNITED STATES WHERE OVER-*
8 *PAYMENT IS DETERMINED*

9 *"SEC. 1878. (a) Where the Secretary determines that*
10 *a provider of services or other person who has furnished*
11 *items or services to an individual is indebted to the United*
12 *States by reason of payments made to such provider or other*
13 *person under this title, and after demand by the Secretary,*
14 *the provider of services or other person neglects or refuses to*
15 *pay the amount of such indebtedness, such amount (including*
16 *any interest) shall be a lien in favor of the United States*
17 *upon all property and rights to property, whether real or per-*
18 *sonal, belonging to such provider or person.*

19 *"(b) Unless another date is specifically fixed by law, the*
20 *lien imposed by subsection (a) shall arise at the time the Sec-*
21 *retary makes the demand referred to in such subsection (a)*
22 *and shall continue until the liability for the amount deter-*
23 *mined to be due the United States (or a judgment against the*
24 *provider or person arising out of an action pursuant to sub-*
25 *section (d)) is satisfied or becomes unenforceable by reason*
26 *of lapse of time.*

1 “(c) The provisions of section 6323 (relating to the
2 validity and priority against certain persons) and section
3 6325 (relating to release of lien or discharge of property)
4 of the Internal Revenue Code of 1954 shall be applicable to
5 the lien imposed by subsection (a) of this section in the same
6 manner, to the same extent, and under the same conditions
7 as such sections 6323 and 6325 are applicable to the lien
8 imposed by section 6321 of such code, and for purposes of
9 this section, the following terms used in such sections 6323
10 and 6325 shall have the meanings assigned to them in this
11 subsection—

12 “(1) the term ‘lien imposed by section 6321’ shall
13 mean ‘the lien imposed by subsection (a)’;

14 “(2) the term ‘Secretary or his delegate’ shall mean
15 the ‘Secretary of Health, Education, and Welfare’;

16 “(3) the term ‘tax lien filing’ shall mean the ‘filing
17 of notice of the lien imposed by subsection (a)’;

18 “(4) the terms ‘lien imposed with respect to any in-
19 ternal revenue tax’ or ‘lien imposed by this chapter’ shall
20 mean ‘lien imposed under subsection (a)’;

21 “(5) reference to the assessment of an amount or the
22 assessment of a tax shall be a reference to the amount
23 determined due by the Secretary with respect to which a
24 lien is imposed under subsection (a).

25 “(d) In the case of any provider of services or other

1 persons furnishing services under this title with respect to
 2 whose property or rights to property a lien has been filed pur-
 3 suant to this section and who is dissatisfied with such filing,
 4 such provider or person shall be entitled to a hearing thereon
 5 by the Secretary (after reasonable notice and opportunity
 6 for a hearing) to the same extent as is provided in section
 7 205(b), and to judicial review of the Secretary's final deci-
 8 sion after such hearing as is provided in section 205(b), and
 9 to judicial review of the Secretary's final decision after such
 10 hearing as is provided in section 205(g). In any such hear-
 11 ing, such provider or person shall have the right to challenge
 12 the Secretary's determination of overpayment which gave rise
 13 to the filing of such lien and the burden of proof shall be
 14 upon the provider or person challenging the Secretary's
 15 determination of overpayment."

16 EXTENSION OF TITLE V TO AMERICAN SAMOA AND THE
 17 TRUST TERRITORY OF THE PACIFIC ISLANDS

18 SEC. 276. (a) Section 1101(a)(1) of the Social Secu-
 19 rity Act is amended by adding at the end thereof the follow-
 20 ing sentence: "Such term when used in title V also includes
 21 American Samoa and the Trust Territory of the Pacific
 22 Islands."

23 (b) Section 1108(d) is amended by inserting, after "allot
 24 such smaller amount to Guam", the following: ", American
 25 Samoa, and the Trust Territory of the Pacific Islands".

1 (c) The amendments made by this section shall apply
2 with respect to fiscal years beginning after June 30, 1971.

3 RELATIONSHIP BETWEEN MEDICAID AND COMPREHENSIVE
4 HEALTH CARE PROGRAMS

5 SEC. 277. Section 1902(a)(23) of the Social Security
6 Act is amended by adding at the end thereof the following:
7 "a State plan shall not be deemed to be out of compliance
8 with the requirements of this paragraph or paragraph (1)
9 or (10) solely by reason of the fact that the State (or any
10 political subdivision thereof) has entered into a contract with
11 an organization which has agreed to provide care and services
12 in excess of those offered under the State plan to individuals
13 eligible for medical assistance who reside in the geographic
14 area served by such organization and who elect to obtain such
15 care and services from such organization;"

16 REFUND OF EXCESS PREMIUMS UNDER MEDICARE

17 SEC. 278. Section 1870 of the Social Security Act is
18 amended by adding at the end thereof the following new
19 subsection:

20 "(g) If an individual, who is enrolled under section 103
21 (d) of the Social Security Amendments of 1965 or under
22 section 1837, dies, and premiums with respect to such en-
23 rollment have been received with respect to such individual
24 for any month after the month of his death, such premiums
25 shall be refunded to the person or persons determined by the

1 *Secretary under regulations to have paid such premiums,*
 2 *or if payment for such premiums was made by the deceased*
 3 *individual before his death, to the legal representative of the*
 4 *estate of such deceased individual, if any. If there is no*
 5 *person who meets the requirements of the preceding sentence*
 6 *such premiums shall be refunded to the person or persons*
 7 *in the priorities specified in paragraphs (2) through (7) of*
 8 *subsection (e)."*

9 *CLARIFICATION OF MEANING OF "PHYSICIANS' SERVICES"*

10 *UNDER TITLE XIX*

11 *SEC. 279. Section 1905(a)(5) of the Social Security*
 12 *Act is amended by inserting "furnished by a physician (as*
 13 *defined in section 1861(r)(1))" after "physicians' services".*

14 *CHIROPRACTORS' SERVICES UNDER MEDICAID*

15 *SEC. 280. (a) Section 1905 of the Social Security Act*
 16 *(as amended by sections 268(b), 269(b), and 279 of this*
 17 *Act) is further amended by adding after subsection (d) the*
 18 *following new subsection:*

19 *"(e) If the State plan includes provision of chiroprac-*
 20 *tors' services, such services include only—*

21 *"(1) services provided by a chiropractor (A) who*
 22 *is licensed as such by the State and (B) who meets uni-*
 23 *form minimum standards promulgated by the Secretary*
 24 *under section 1861(r)(5); and*

1 “(2) services which consist of treatment by means
2 of manual manipulation of the spine which the chiro-
3 practor is legally authorized to perform by the State.

4 (b) The amendment made by this section shall be effec-
5 tive with respect to services furnished after June 30, 1971.

6 PROVIDER REIMBURSEMENT APPEALS BOARD

7 SEC. 281. (a) Title XVIII of the Social Security Act
8 is amended by inserting after section 1878 (as added by sec-
9 tion 275 of this Act) the following new section:

10 “PROVIDER REIMBURSEMENT APPEALS BOARD

11 “SEC. 1879. (a) Any provider of services which has
12 filed a required cost report within the time specified in regula-
13 tions may obtain a hearing with respect to such cost report by
14 the Provider Reimbursement Appeals Board (hereinafter
15 referred to as ‘the Board’) if—

16 “(1) such provider—

17 “(A) is dissatisfied with a final determination
18 of the organization serving as its fiscal intermediary
19 pursuant to section 1816 as to the reasonable cost of
20 the items and services furnished to individuals for
21 which payment may be made under this title for the
22 period covered by such report, or

23 “(B) has not received such final determination

1 *from such intermediary within ninety days from the*
2 *date of filing such report, where such report com-*
3 *plied with the rules and regulations of the Secretary*
4 *relating to such report, or*

5 *“(C) has not received such final determination*
6 *within ninety days of filing a supplementary cost re-*
7 *port, where such cost report did not so comply and*
8 *such supplementary cost report did so comply, and*

9 *“(2) the amount in controversy is \$10,000 or more,*
10 *and*

11 *“(3) such provider files a request for a hearing*
12 *within 180 days after—*

13 *“(A) notice of the intermediary’s final determi-*
14 *nation under paragraph (1)(A), or*

15 *“(B) the filing of the cost report under para-*
16 *graph (1)(B), or*

17 *“(C) the filing of the supplementary cost report*
18 *under paragraph (1)(C).*

19 *“(b) The provisions of subsection (a) shall apply to any*
20 *group of providers of services if each provider of services in*
21 *such group would, upon the filing of an appeal (but without*
22 *regard to the \$10,000 limitation), be entitled to such a hear-*
23 *ing, but only if the matters in controversy involve a common*
24 *question of fact or interpretation of law or regulations and*

1 the amount in controversy is, in the aggregate, \$10,000 or
2 more.

3 “(c) At such hearing, the provider of services shall have
4 the right to be represented by counsel, to introduce evidence,
5 and to examine and cross-examine witnesses. Evidence may be
6 received at any such hearing even though inadmissible under
7 rules of evidence applicable to court procedure.

8 “(d) A decision by the Board shall be based upon the
9 record made at such hearing, which shall include the evidence
10 considered by the intermediary and such other evidence as
11 may be obtained or received by the Board, and shall be sup-
12 ported by substantial evidence when the record is viewed as a
13 whole. The Board shall have the power to affirm, modify, or
14 revise a final determination of the fiscal intermediary with
15 respect to a cost report and to make any other revisions on
16 matters covered by such cost report (including revisions
17 adverse to the provider of service) even though such matters
18 were not considered by the intermediary in making such final
19 determination. Where the Board grants a hearing pursuant
20 to subparagraphs (B) and (C) of paragraph (1) of sub-
21 section (a) it shall have the power to make a final determina-
22 tion with respect to the cost report to the same extent as the
23 fiscal intermediary.

24 “(e) The Board shall have full power and authority to
25 make rules and establish procedures, not inconsistent with the

1 provisions of this title, which are necessary or appropriate to
2 carry out the provisions of this section. In the course of any
3 hearing the Board may administer oaths and affirmations.
4 The provisions of subsections (d), (e) and (f) of section 205
5 to subpoenas shall apply to the Board to the same extent as
6 they apply to the Secretary with respect to title II.

7 “(f) A decision of the Board shall be final and shall be
8 affirmed by the Secretary within 60 days after the date such
9 decision is made unless the Secretary, on his own motion, and
10 within a 90-day period after the provider of services is notified
11 of the Board’s decision, reverses or modifies adversely to such
12 provider the Board’s decision. In any case where such
13 reversal or modification or nonaffirmation occurs the pro-
14 vider of services may obtain a review of such decision by a
15 civil action commenced within sixty days of the date he is
16 notified of the Secretary’s reversal or modification. Such
17 action shall be brought in the district court of the United
18 States for the judicial district in which the provider is located
19 or in the District Court for the District of Columbia and shall
20 be tried pursuant to the applicable provisions under chapter
21 7 of title 5, United States Code, notwithstanding any other
22 provisions in section 205.

23 “(g) The findings of a fiscal intermediary that no pay-
24 ment may be made under this title for any expenses incurred
25 for items or services furnished to an individual because such

1 items or services are listed in section 1862 shall not be re-
 2 viewed by the Board or by any court.

3 “(h) The Board shall be composed of five members ap-
 4 pointed by the Secretary without regard to the provisions of
 5 title 5, United States Code, governing appointments in the
 6 competitive service. Two of such members shall be selected
 7 from representatives of organizations representing providers
 8 of services. Such members shall be persons knowledgeable in
 9 the field of cost reimbursement, at least one of whom shall be
 10 a certified public accountant, and shall be entitled to receive
 11 compensation at rates fixed by the Secretary, but not exceed-
 12 ing the rate specified (at the time service is rendered by such
 13 members) for grade GS-18 in title 5, section 5332. The term
 14 of office shall be three years, except that the Secretary shall
 15 appoint initial members of the Board for shorter terms to the
 16 extent necessary to permit staggered terms of office.”

17 (b) The amendments made by this section shall apply
 18 with respect to cost reports of providers of services, as defined
 19 in title XVIII of the Social Security Act, for accounting
 20 periods ending after June 30, 1971.

21 LIMITATION ON ADJUSTMENT OR RECOVERY OF INCORRECT
 22 PAYMENTS UNDER THE MEDICARE PROGRAM

23 SEC. 282. (a) (1) Section 1870(b)(1) of the Social
 24 Security Act is amended by—

25 (A) inserting “(A)” after “the Secretary deter-
 26 mines”; and

(B) inserting at the end of paragraph (1) the following:

“(B) that such provider of services or other person was without fault with respect to the payment of such excess over the correct amount, or”.

(2) Section 1870(b) of such Act is amended by adding at the end the following new sentence: “For purposes of clause (B) of paragraph (1), such provider of services or such other person shall, in the absence of evidence to the contrary, be deemed to be without fault if the Secretary’s determination that more than such correct amount was paid was made subsequent to the third year following the year in which notice was sent to such individual that such amount had been paid.”

(b) Section 1870(c) of such Act is amended by—

(1) inserting “or title XVIII” after “title II”, and

(2) adding at the end the following new sentence:

“Adjustment or recovery of an incorrect payment (or only such part of an incorrect payment as the Secretary determines to be inconsistent with the purposes of this title) against an individual who is without fault shall be deemed to be against equity and good conscience if (A) the incorrect payment was made for expenses incurred for items or services for which payment may not be made

1 *under this title by reason of the provisions of paragraph*
 2 *(1) or (9) of section 1862 and (B) if the Secretary's*
 3 *determination that such payment was incorrect was*
 4 *made subsequent to the third year following the year in*
 5 *which notice of such payment was sent to such individual."*

6 *(c) Section 1866 (a) (1) of such Act is amended by—*

7 *(1) redesignating subparagraph (B) as subpara-*
 8 *graph (C), and*

9 *(2) inserting after subparagraph (A) the follow-*
 10 *ing new subparagraph:*

11 *"(B) not to charge any individual or any other*
 12 *person for items or services for which such individual*
 13 *is not entitled to have payment made under this title be-*
 14 *cause payment for expenses incurred for such items or*
 15 *services may not be made by reason of the provisions of*
 16 *paragraphs (1) or (9), but only if (i) such individual*
 17 *was without fault in incurring such expenses and (ii)*
 18 *the Secretary's determination that such payment may not*
 19 *be made for such items and services was made after the*
 20 *third year following the year in which notice of such*
 21 *payment was sent to such individual, and".*

22 *(d) Section 1842(b) (3) (ii) of such Act is amended*
 23 *by—*

24 *(1) inserting "(I)" after "of which"; and*

25 *(2) inserting after "service" the following: "and*
 26 *(II) the physician or other person furnishing such serv-*

ice agrees not to charge for such service if payment may not be made therefor by reason of the provisions of paragraph (1) of section 1862, and if the individual to whom such service were furnished was without fault in incurring the expenses of such service, and if the Secretary's determination that payment (pursuant to such assignment) was incorrect was made subsequent to the third year following the year in which notice of such payment was sent to such individual".

(e) Section 1814(a)(1) of such Act is amended to read as follows:

"(1) written request, signed by such individual, except in cases in which the Secretary finds it impracticable for the individual to do so, is filed for such payment in such form, in such manner and by such person or persons as the Secretary may by regulation prescribe, no later than the close of the period of 3 calendar years following the year in which such services are furnished (deeming any services furnished in the last 3 calendar months of any calendar year to have been furnished in the succeeding calendar year) except that where the Secretary deems that efficient administration so requires, such period may be reduced to not less than 1 calendar year;"

(f) Section 1835(a)(1) of such Act is amended to read as follows:

"(1) written request, signed by such individual, ex-

cept in cases in which the Secretary finds it impracticable for the individual to do so, is filed for such payment in such form, in such manner and by such person or persons as the Secretary may by regulation prescribe, no later than the close of the period of 3 calendar years following the year in which such services are furnished (deeming any services furnished in the last 3 calendar months of any calendar year to have been furnished in the succeeding calendar year) except that where the Secretary deems that efficient administration so requires, such period may be reduced to not less than 1 calendar year; and"

(g) The provisions of subsections (a), (b), (c), and (d) of this section shall apply in the case of notices of payment sent to individuals after 1968. The provisions of subsections (e) and (f) shall apply in the case of requests for payment filed after December 31, 1971.

PROVIDE FOR 75 PERCENT MATCHING UNDER MEDICAID OF EXPENDITURES FOR PROFESSIONAL REVIEW OF SKILLED NURSING HOMES AND INTERMEDIATE CARE FACILITIES

SEC. 283. Section 1903(a)(2) of the Social Security Act is amended—

(1) by inserting “(A)” immediately after “attributable to”, and

(2) by inserting immediately before “; plus” the following: “and (B) payment for professional review activities, performed by skilled professional medical personnel and staff directly supporting such personnel pursuant to section 1902(a) (26) and (33), regardless of whether such activities are performed by State agency personnel or by others under an arrangement with such agency”.

TITLE III—TRADE ACT OF 1970

PART A—AMENDMENTS TO THE TRADE EXPANSION ACT OF 1962

SUBPART 1—TRADE AGREEMENTS

SEC. 301. BASIC AUTHORITY FOR TRADE AGREEMENTS.

(a) Section 201(a)(1) of the Trade Expansion Act of 1962 (19 U.S.C. 1821(a)(1)) is amended by striking out “July 1, 1967” and inserting in lieu thereof “July 1, 1975”.

(b) Section 201(b)(1) of such Act is amended to read as follows:

“(1) decreasing any rate of duty—

1 “(A) in order to carry out a trade agreement
2 entered into before July 1, 1967, to a rate below
3 50 percent of the rate existing on July 1, 1962; or

4 “(B) in order to carry out a trade agreement
5 entered into after June 30, 1967, and before
6 July 1, 1975, to a rate below the lower of—

7 “(i) the rate 20 percent below the rate
8 existing on July 1, 1967; or

9 “(ii) the rate 2 percent ad valorem (or
10 ad valorem equivalent) below the rate exist-
11 ing on July 1, 1967; or”.

12 (c) Section 201 of such Act is amended by adding at the
13 end thereof the following new subsection:

14 “(c) No proclamation pursuant to subsection (a) shall
15 be made in order to carry out a trade agreement entered into
16 after June 30, 1967, and before July 1, 1975, except to pro-
17 claim (1) increased or additional import restrictions and
18 (2) such modifications as may be necessary to fulfill conces-
19 sions granted as compensation for import restrictions imposed
20 by the United States.”

21 (d) Sections 202, 211 (a) and (e), 212, 213(a), and
22 221 of such Act are each amended by striking out “201
23 (b)(1)” and inserting in lieu thereof “201(b)(1)(A)”.

24 (e) Section 256 of such Act (19 U.S.C. 1886) is
25 amended by adding at the end thereof the following new
26 paragraph:

1 “(8) The term ‘existing on July 1, 1967’, as ap-
 2 plied to a rate of duty, refers to the lowest nonpreferen-
 3 tial rate of duty (however established, and even though
 4 temporarily suspended by Act of Congress or otherwise)
 5 existing on such date or (if lower) the lowest non-
 6 preferential rate to which the United States was com-
 7 mitted on July 1, 1967, and with respect to which a
 8 proclamation was in effect on July 1, 1970.”

9 **SEC. 302. STAGING REQUIREMENTS.**

10 (a) Section 253(a) of the Trade Expansion Act of
 11 1962 (19 U.S.C. 1883) is amended by striking out “trade
 12 agreement under this title” and inserting in lieu thereof
 13 “trade agreement entered into before July 1, 1967, under
 14 this title”.

15 (b) Section 253(c) of such Act is amended by striking
 16 out “trade agreement entered into under section 201(a)”
 17 and inserting in lieu thereof “trade agreement entered into
 18 before July 1, 1967, under this title”.

19 (c) Section 253 of such Act is amended by redesignat-
 20 ing subsection (d) as subsection (e) and by inserting after
 21 subsection (c) the following new subsection:

22 “(d) Except as otherwise provided in section 254, the
 23 aggregate reduction in the rate of duty on any article which
 24 is in effect on any day pursuant to a trade agreement entered
 25 into under this title after June 30, 1967, and before July 1,

1 1975, shall not exceed the aggregate reduction which would
2 have been in effect on such day if—

3 “(1) one-half of the aggregate reduction under
4 such agreement for such article had taken effect on the
5 date of the first proclamation pursuant to section 201(a)
6 to carry out such trade agreement, and

7 “(2) the remaining one-half of such aggregate re-
8 duction had taken effect 1 year after the date referred
9 to in paragraph (1).

10 In applying the preceding sentence to any article, if, on
11 the date referred to in paragraph (1) of the preceding sen-
12 tence, there remained reductions pursuant to a prior trade
13 agreement which had not yet taken effect, such remaining
14 reductions shall be deemed to be included within the aggre-
15 gate reduction under the trade agreement entered into after
16 June 30, 1967, and before July 1, 1975.”

17 (d) Subsection (e) of such section 253 (as redesignated
18 by subsection (c) of this section) is amended—

19 (1) by striking out “a reduction takes effect” and
20 inserting in lieu thereof “a reduction under any trade
21 agreement entered into under this title takes effect”; and

22 (2) by striking out “subsection (c)” in paragraph
23 (2) thereof and inserting in lieu thereof “subsection
24 (c) or (d)(2)”.

1 SEC. 303. FOREIGN IMPORT RESTRICTIONS AND DIS-
2 CRIMINATORY ACTS.

3 (a) Section 252(a)(3) of the Trade Expansion Act of
4 1962 (19 U.S.C. 1882(a)(3)) is amended by striking out
5 the word "agricultural" each place it appears.

6 (b) Section 252(b) of such Act is amended by striking
7 out "or" at the end of paragraph (1), by adding "or" at
8 the end of paragraph (2), and by adding after paragraph
9 (2) the following new paragraph:

10 "(3) provides subsidies (or other incentives hav-
11 ing the effect of subsidies) on its exports of one or
12 more products to other foreign markets which unfairly
13 affect sales of the competitive United States product or
14 products to those other foreign markets,".

15 (c) Section 252(b) of such Act is further amended by
16 striking out "or" at the end of clause (A), by striking out
17 the period at the end of clause (B) and inserting in lieu
18 thereof ", or", and by adding at the end thereof the follow-
19 ing new clause:

20 "(C) notwithstanding any provision of any trade
21 agreement under this Act and to the extent he deems
22 necessary and appropriate, impose duties or other import
23 restrictions on the products of any foreign country or in-
24 strumentality maintaining such nontariff trade restric-
25 tions, engaging in such acts or policies, or providing
26 such incentives when he deems such duties and other im-

1 port restrictions necessary and appropriate to prevent
2 the establishment or obtain the removal of such restric-
3 tions, acts, policies, or incentives and to provide access
4 for United States products to foreign markets on an
5 equitable basis.”

6 (d) Section 252(c) of such Act is amended by striking
7 out “President may” and inserting in lieu thereof “Presi-
8 dent shall”.

9 (e) Section 252(c)(1) of such Act is amended to
10 read as follows:

11 “(1) impose duties or other import restrictions
12 on, or suspend, withdraw, or prevent the application
13 of trade agreement concessions to, products of such
14 country or instrumentality, or”.

15 (f) Section 252(d) of such Act is amended to read as
16 follows:

17 “(d)(1) Upon request of any interested party, the Sec-
18 retary of Commerce shall immediately make an investigation
19 to determine whether any specified restriction established or
20 maintained by, act engaged in, or subsidy provided by a
21 foreign country or instrumentality constitutes—

22 “(A) a foreign import restriction referred to in
23 subsection (a),

24 “(B) a nontariff trade restriction, discriminatory
25 or other act, or subsidy or other incentive referred to
26 in subsection (b), or

1 “(C) an unreasonable import restriction referred to
2 in subsection (c).

3 “(2) Within 3 months after the submission of a request
4 under paragraph (1), the Secretary of Commerce shall pub-
5 lish in the Federal Register the results of the investigation
6 made pursuant to such request, together with his findings
7 with respect thereto. In any case in which the Secretary
8 makes an affirmative determination of a restriction, act, or
9 subsidy referred to in subsection (a), (b), or (c) he shall
10 immediately report such finding to the President. Within 3
11 months after receipt of such report, the President shall report
12 to the Congress the action taken by him under subsection (a),
13 (b), or (c) with respect to such restriction, act, or subsidy.”

14 (g) The heading of such section is amended to read
15 as follows:

16 “SEC. 252. FOREIGN IMPORT RESTRICTIONS AND DIS-
17 CRIMINATORY ACTS.”

18 SEC. 304. DETERMINATIONS AND IMPORT ADJUSTMENTS
19 FOR SAFEGUARDING NATIONAL SECURITY.

20 (a) The second sentence of section 232(b) of the Trade
21 Expansion Act of 1962 (19 U.S.C. 1862(b)) is amended
22 by striking out the period at the end thereof and inserting
23 the following: “: Provided, however, That any adjustment
24 of imports shall not be accomplished by the imposition or
25 increase of any duty, or of any fee or charge having the
26 effect of a duty.”

1 (b) Section 232(b) of such Act is further amended by
2 adding at the end thereof the following new sentence: "In
3 the case of any investigation under this subsection initiated
4 by request or application, the Director shall make and an-
5 nounce the determination required by this subsection not
6 later than 1 year after the date on which such request or
7 application was made."

8 (c) The amendment made by subsection (b) shall
9 apply with respect to requests or applications made to the
10 Director of the Office of Emergency Preparedness under
11 section 232(b) of the Trade Expansion Act of 1962 on or
12 after January 1, 1968; except that, in the case of such a
13 request or application made more than 1 year before the
14 date of the enactment of this Act, the determination required
15 by such section 232(b) shall be made on or before the
16 60th day after such date of enactment.

17 *SUBPART 2—TARIFF ADJUSTMENT AND ADJUSTMENT*

18 ASSISTANCE

19 SEC. 311. PETITIONS AND DETERMINATIONS.

20 (a) Section 301 of the Trade Expansion Act of 1962
21 (19 U.S.C. 1901) is amended to read as follows:

22 "SEC. 301. PETITIONS AND DETERMINATIONS.

23 “(a)(1) A petition for tariff adjustment under section
24 351 may be filed with the Tariff Commission by a trade
25 association, firm, certified or recognized union, or other rep-
26 resentative of an industry.

27 “(2) A petition for a determination of eligibility to

1 apply for adjustment assistance under chapter 2 may be
2 filed with the President by a firm or its representative, and
3 a petition for a determination of eligibility to apply for ad-
4 justment assistance under chapter 3 may be filed with the
5 President by a group of workers or by their certified or
6 recognized union or other duly authorized representative. A
7 petition filed under this paragraph by or on behalf of a group
8 of workers shall apply only with respect to individuals who
9 are, or who have been within 1 year before the date of filing
10 of such petition, employed regularly in the firm involved.

11 “(b)(1) Upon the request of the President, upon reso-
12 lution of either the Committee on Finance of the Senate or
13 the Committee on Ways and Means of the House of Repre-
14 sentatives, upon its own motion, or upon the filing of a peti-
15 tion under subsection (a)(1), the Tariff Commission shall
16 promptly make an investigation to determine whether an
17 article upon which a concession has been granted under a
18 trade agreement is, as a result, in whole or in part, of the
19 duty or other customs treatment reflecting such concession,
20 being imported into the United States in such increased
21 quantities, either actual or relative, as to contribute substan-
22 tially (whether or not such increased imports are the major
23 factor or the primary factor) toward causing or threatening
24 to cause serious injury to the domestic industry producing
25 articles like or directly competitive with the imported article.

26 “(2) In arriving at a determination under paragraph

1 (1), the Tariff Commission, without excluding other factors,
2 shall take into consideration a downward trend of production,
3 prices, profits, or wages in the domestic industry concerned,
4 a decline in sales, an increase in unemployment or under-
5 employment, an increase in imports, either actual or relative
6 to domestic production, a higher or growing inventory, and
7 a decline in the proportion of the domestic market supplied
8 by domestic producers.

9 “(3) For purposes of paragraph (1), the term ‘domes-
10 tic industry producing articles like or directly competitive
11 with the imported article’ means that portion or subdivision
12 of the producing organizations manufacturing, assembling,
13 processing, extracting, growing, or otherwise producing like
14 or directly competitive articles in commercial quantities. In
15 applying the preceding sentence, the Tariff Commission shall
16 (so far as practicable) distinguish or separate the operations
17 of the producing organizations involving the like or directly
18 competitive articles referred to in such sentence from the
19 operations of such organizations involving other articles.

20 “(4) If a majority of the Commissioners present and
21 voting make an affirmative injury determination under para-
22 graph (1), the Commissioners voting for such affirmative
23 injury determination shall also determine the amount of the
24 increase in, or imposition of, any duty or other import re-
25 striction on such article which is necessary to prevent or
26 remedy such injury. For purposes of this title, a remedy

1 *determination by a majority of the Commissioners voting for*
2 *the affirmative injury determination shall be treated as the*
3 *remedy determination of the Tariff Commission.*

4 “(5) *If a majority of the Commissioners present and*
5 *voting make an affirmative injury determination under para-*
6 *graph (1), the Commissioners voting for such affirmative*
7 *injury determination shall make an additional determination*
8 *under this paragraph which shall consist of determining*
9 *whether the article is being imported in such quantities, and*
10 *disposed of in the United States under such conditions, as to*
11 *acutely or severely injure the domestic industry or threaten to*
12 *acutely or severely injure the domestic industry. For purposes*
13 *of section 351(a), an affirmative determination under this*
14 *paragraph by a majority of the Commissioners voting for the*
15 *affirmative injury determination under paragraph (1) shall*
16 *be treated as an additional affirmative determination of the*
17 *Tariff Commission.*

18 “(6) *In the course of any proceeding initiated under*
19 *paragraph (1), the Tariff Commission shall investigate any*
20 *factors which in its judgment may be contributing to in-*
21 *creased imports of the article under investigation; and,*
22 *whenever in the course of its investigation the Tariff Com-*
23 *mission has reason to believe that the increased imports are*
24 *attributable in part to circumstances which come within the*
25 *purview of the Antidumping Act, 1921, section 303 or 337*
26 *of the Tariff Act of 1930, or other remedial provisions of*

1 law, the Tariff Commission shall promptly notify the appro-
2 priate agency and take such other action as it deems appro-
3 priate in connection therewith.

4 “(7) In the course of any proceeding initiated under
5 paragraph (1), the Tariff Commission shall, after reasonable
6 notice, hold public hearings and shall afford interested parties
7 opportunity to be present, to present evidence, and to be
8 heard at such hearings.

9 “(8) The Tariff Commission shall report to the Presi-
10 dent the determinations and other results of each investiga-
11 tion under this subsection, including any dissenting or
12 separate views, and any action taken under paragraph (6).

13 “(9) The report of the Tariff Commission of its deter-
14 minations under this subsection shall be made at the earliest
15 practicable time, but not later than 6 months after the date on
16 which the petition is filed (or the date on which the request
17 or resolution is received or the motion is adopted, as the case
18 may be). Upon making such report to the President, the
19 Tariff Commission shall promptly make public such report,
20 and shall cause a summary thereof to be published in the
21 Federal Register.

22 “(10) No investigation for the purposes of this subsec-
23 tion shall be made, upon petition filed under subsection (a)
24 (1), with respect to the same subject matter as a previous
25 investigation under this subsection, unless 1 year has elapsed

1 since the Tariff Commission made its report to the President
2 of the results of such previous investigation.

3 “(c)(1) In the case of a petition by a firm for a de-
4 termination of eligibility to apply for adjustment assistance
5 under chapter 2, the President shall determine whether an
6 article like or directly competitive with an article produced
7 by the firm, or an appropriate subdivision thereof, is being
8 imported into the United States in such increased quantities,
9 either actual or relative, as to contribute substantially
10 (whether or not such increased imports are the major factor
11 or the primary factor) toward causing or threatening to
12 cause serious injury to such firm or subdivision. In making
13 such determination the President shall take into account all
14 economic factors which he considers relevant, including idling
15 of productive facilities, inability to operate at a level of rea-
16 sonable profit, and unemployment or underemployment.

17 “(2) In the case of a petition by a group of workers for
18 a determination of eligibility to apply for adjustment assist-
19 ance under chapter 3, the President shall determine whether
20 an article like or directly competitive with an article pro-
21 duced by such workers’ firm, or an appropriate subdivision
22 thereof, is being imported into the United States in such
23 increased quantities, either actual or relative, as to contribute
24 substantially (whether or not such increased imports are the
25 major factor or the primary factor) toward causing or
26 threatening to cause unemployment or underemployment of

1 a significant number or proportion of the workers of such
2 firm or subdivision.

3 “(3) In order to assist him in making the determinations
4 referred to in paragraphs (1) and (2) with respect to a
5 firm or group of workers, the President shall promptly trans-
6 mit to the Tariff Commission a copy of each petition filed
7 under subsection (a)(2) and, not later than 5 days after
8 the date on which the petition is filed, shall request the
9 Tariff Commission to conduct an investigation relating to
10 questions of fact relevant to such determinations and to make
11 a report of the facts disclosed by such investigation. In his
12 request, the President may specify the particular kinds of
13 data which he deems appropriate. Upon receipt of the Presi-
14 dent's request, the Tariff Commission shall promptly institute
15 the investigation and promptly publish notice thereof in the
16 Federal Register.

17 “(4) In the course of any investigation under paragraph
18 (3), the Tariff Commission shall, after reasonable notice,
19 hold a public hearing, if such hearing is requested (not later
20 than 10 days after the date of the publication of its notice
21 under paragraph (3)) by the petitioner or any other inter-
22 ested person, and shall afford interested persons an oppor-
23 tunity to be present, to produce evidence, and to be heard
24 at such hearing.

25 “(5) The report of the Tariff Commission of the facts
26 disclosed by its investigation under paragraph (3) with re-

1 spect to a firm or group of workers shall be made at the
2 earliest practicable time, but not later than 60 days after the
3 date on which it receives the request of the President under
4 paragraph (3).''

5 (b)(1) For purposes of section 301(b)(1) of the Trade
6 Expansion Act of 1962, reports made by the Tariff Com-
7 mission during the 1-year period ending on the date of the
8 enactment of this Act shall be treated as having been made
9 before the beginning of such period.

10 (2) Any investigation by the Tariff Commission
11 under subsection (b) or (c) of section 301 of the Trade
12 Expansion Act of 1962 (as in effect before the date of the
13 enactment of this Act) which is in progress immediately
14 before such date of enactment shall be continued under such
15 subsection (b) or (c) (as amended by subsection (a) of
16 this section) in the same manner as if the investigation had
17 been instituted originally under the provisions of such sub-
18 section (b) or (c) (as so amended). For purposes of section
19 301(b)(9) or (c)(5) of the Trade Expansion Act of
20 1962 (as added by subsection (a) of this section) the
21 petition for any investigation to which the preceding sen-
22 tence applies shall be treated as having been filed, or the
23 request or resolution as having been received or the motion
24 having been adopted, as the case may be, on the date of the
25 enactment of this Act.

26 (3) If, on the date of the enactment of this Act, the

1 *President has not taken any action with respect to any re-*
 2 *port of the Tariff Commission containing an affirmative de-*
 3 *termination resulting from an investigation undertaken by it*
 4 *pursuant to section 301(c)(1) or (2) of the Trade Expan-*
 5 *sion Act of 1962 (as in effect before the date of the enact-*
 6 *ment of this Act) such report shall be treated by the Presi-*
 7 *dent as a report received by him under section 301(c)(5)*
 8 *of the Trade Expansion Act of 1962 (as added by subsec-*
 9 *tion (a) of this section) on the date of the enactment of*
 10 *this Act.*

11 (4) *No petition may be filed under section 301(a) of*
 12 *the Trade Expansion Act of 1962 during the period begin-*
 13 *ning on the date of the enactment of this Act and ending on*
 14 *the 90th day after such date or, if earlier, on the 10th day*
 15 *after the date of publication of rules and regulations pre-*
 16 *scribed by the Tariff Commission to carry out its duties and*
 17 *functions under section 301 of such Act (as amended by sub-*
 18 *section (a) of this section).*

19 **SEC. 312. PRESIDENTIAL ACTION WITH RESPECT TO AD-**
 20 **JUSTMENT ASSISTANCE.**

21 (a) *Section 302(a) of the Trade Expansion Act of*
 22 *1962 (19 U.S.C. 1902(a)) is amended to read as follows:*

23 “(a)(1) *If after receiving a report from the Tariff*
 24 *Commission containing an affirmative injury determination*
 25 *under section 301(b) with respect to any industry, the Presi-*

1 *dent provides tariff adjustment for such industry pursuant*
2 *to section 351 or 352, he may—*

3 “(A) provide, with respect to such industry, that
4 *its firms may request the Secretary of Commerce for cer-*
5 *tifications of eligibility to apply for adjustment assist-*
6 *ance under chapter 2,*

7 “(B) provide, with respect to such industry, that its
8 *workers may request the Secretary of Labor for certifica-*
9 *tions of eligibility to apply for adjustment assistance*
10 *under chapter 3, or*

11 “(C) provide that both firms and workers may re-
12 *quest such certifications.*

13 “(2) If after receiving a report from the Tariff Com-
14 *mission containing an affirmative injury determination under*
15 *section 301(b) with respect to any industry the President*
16 *does not provide tariff adjustment for such industry pursuant*
17 *to section 351 or 352, he shall promptly provide that both*
18 *firms and workers of such industry may request certifications*
19 *of eligibility to apply for adjustment assistance under chap-*
20 *ters 2 and 3.*

21 “(3) Notice shall be published in the Federal Register
22 *of each action taken by the President under this subsection*
23 *in providing that firms or workers may request certifications*
24 *of eligibility to apply for adjustment assistance. Any request*
25 *for such a certification must be made to the Secretary con-*

1 cerned within the 1-year period (or such longer period as
 2 may be specified by the President) after the date on which
 3 such notice is published."

4 (b) Section 302(b) of such Act is amended—

5 (1) by striking out "subsection (a)(2)," in para-
 6 graph (1) and inserting in lieu thereof "subsection
 7 (a),";

8 (2) by striking out "subsection (a)(3)," in para-
 9 graph (2) and inserting in lieu thereof "subsection
 10 (a),"; and

11 (3) by adding at the end of paragraph (2) thereof
 12 the following new sentence: "A certification under this
 13 paragraph shall apply only with respect to individuals
 14 who are, or who have been, employed regularly in the
 15 firm involved within 1 year before the date of the insti-
 16 tution of the Tariff Commission investigation under sec-
 17 tion 301(b) relating to the industry with respect to
 18 which the President has acted under subsection (a)."

19 (c) Section 302(c) of such Act is amended to read as
 20 follows:

21 "(c)(1) After receiving a report of the Tariff Commis-
 22 sion of the facts disclosed by its investigation under section
 23 301(c)(3) with respect to any firm or group of workers,
 24 the President shall make his determination under section
 25 301 (c)(1) or (c)(2) at the earliest practicable time, but

1 not later than 30 days after the date on which he receives
2 the Tariff Commission's report, unless, within such period,
3 the President requests additional factual information from
4 the Tariff Commission. In this event, the Tariff Commission
5 shall, not later than 25 days after the date on which it receives
6 the President's request, furnish such additional factual in-
7 formation in a supplemental report, and the President shall
8 make his determination not later than 15 days after the
9 date on which he receives such supplemental report.

10 “(2) The President shall promptly publish in the Fed-
11 eral Register a summary of each determination under section
12 301(c) with respect to any firm or group of workers.

13 “(3) If the President makes an affirmative determina-
14 tion under section 301(c) with respect to any firm or group
15 of workers, he shall promptly certify that such firm or group
16 of workers is eligible to apply for adjustment assistance.

17 “(4) The President is authorized to exercise any of his
18 functions with respect to determinations and certifications
19 of eligibility of firms or workers to apply for adjustment
20 assistance under section 301 and this section through such
21 agency or other instrumentality of the United States Gov-
22 ernment as he may direct.”

23 (d) The heading of such section 302 is amended to read
24 as follows:

1 “SEC. 302. PRESIDENTIAL ACTION WITH RESPECT TO
2 ADJUSTMENT ASSISTANCE.”

3 SEC. 313. TARIFF ADJUSTMENT.

4 (a) Paragraphs (1) and (2) of section 351(a) of
5 the Trade Expansion Act of 1962 (19 U.S.C. 1981(a))
6 are amended to read as follows:

7 “(1)(A) After receiving an affirmative injury deter-
8 mination of the Tariff Commission under paragraph (1) of
9 section 301(b), which is not combined with an additional
10 affirmative determination of the Tariff Commission under par-
11 agraph (5) of section 301(b), the President shall proclaim
12 such increase in, or imposition of, any duty or other import
13 restriction on the article concerned as he determines to be
14 necessary to prevent or remedy serious injury to the indus-
15 try, unless he determines that such action would not be in
16 the national interest.

17 “(B) After receiving an affirmative injury determina-
18 tion of the Tariff Commission under paragraph (1) of
19 section 301(b) which is combined with an additional affirm-
20 ative determination of the Tariff Commission under para-
21 graph (5) of section 301(b), the President shall proclaim
22 the increase in, or imposition of, any duty or other import
23 restriction on the article concerned determined and reported
24 by the Tariff Commission pursuant to section 301(b), unless

1 *he determines that such action would not be in the national*
 2 *interest.*

3 “(2) *If the President does not, within 60 days after*
 4 *the date on which he receives an affirmative injury determi-*
 5 *nation, proclaim the increase in, or imposition of, any duty*
 6 *or other import restriction on such article determined and*
 7 *reported by the Tariff Commission pursuant to section 301*
 8 *(b)—*

9 “(A) *he shall immediately submit a report to the*
 10 *House of Representatives and to the Senate stating why*
 11 *he has not proclaimed such increase or imposition, and*

12 “(B) *such increase or imposition shall take effect*
 13 *(as provided in paragraph (3)) upon the adoption*
 14 *by both Houses of Congress (within the 60-day period*
 15 *following the date on which the report referred to in*
 16 *subparagraph (A) is submitted to the House of Repre-*
 17 *sentatives and the Senate), by the yeas and nays by*
 18 *the affirmative vote of a majority of the authorized*
 19 *membership of each House, of a concurrent resolution*
 20 *stating in effect that the Senate and House of Repre-*
 21 *sentatives approve the increase in, or imposition of, any*
 22 *duty or other import restriction on the article determined*
 23 *and reported by the Tariff Commission pursuant to*
 24 *section 301(b).*

1 *Nothing in subparagraph (A) shall require the President*
 2 *to state considerations of national interest on which his de-*
 3 *cision was based. For purposes of subparagraph (B), in*
 4 *the computation of the 60-day period there shall be excluded*
 5 *the days on which either House is not in session because of*
 6 *adjournment of more than 3 days to a day certain or an*
 7 *adjournment of the Congress sine die. The report referred*
 8 *to in subparagraph (A) shall be delivered to both Houses*
 9 *of the Congress on the same day and shall be delivered to*
 10 *the Clerk of the House of Representatives if the House of*
 11 *Representatives is not in session and to the Secretary of the*
 12 *Senate if the Senate is not in session."*

13 *(b) Paragraph (3) of such section 351(a) is amended*
 14 *by striking out "found and reported by the Tariff Commis-*
 15 *sion pursuant to section 301(e)." and inserting in lieu thereof*
 16 *"determined and reported by the Tariff Commission pursuant*
 17 *to section 301(b)."*

18 *(c) Paragraph (4) of such section 351(a) is amended*
 19 *by striking out "affirmative finding" each place it appears*
 20 *and inserting in lieu thereof "affirmative injury determina-*
 21 *tion".*

22 *(d) Section 351(d) of such Act is amended to read as*
 23 *follows:*

24 *"(d) (1) So long as any increase in, or imposition of,*
 25 *any duty or other import restriction pursuant to this section*

1 or pursuant to section 7 of the Trade Agreements Extension
2 Act of 1951 remains in effect, the Tariff Commission shall
3 keep under review developments with respect to the industry
4 concerned, including the specific steps taken by the firms in
5 the industry to enable them to compete more effectively with
6 imports, and shall make annual reports to the President con-
7 cerning such developments.

8 “(2) Upon request of the President or upon its own mo-
9 tion, the Tariff Commission shall advise the President of its
10 judgment, in the light of specific steps taken by the firms
11 in such industry to enable them to compete more effectively
12 with imports and all other relevant factors, as to the probable
13 economic effect on the industry concerned, and (to the extent
14 practicable) on the firms and workers therein of the reduction
15 or termination of the increase in, or imposition of, any duty
16 or other import restriction pursuant to this section or section
17 7 of the Trade Agreements Extension Act of 1951.

18 “(3) Upon petition on behalf of the industry concerned,
19 filed with the Tariff Commission not earlier than the date
20 which is 1 year, and not later than the date which is 9
21 months, before the date any increase or imposition referred
22 to in paragraph (1) or (2) of subsection (c) is to termi-
23 nate by reason of the expiration of the applicable period
24 prescribed in paragraph (1) or an extension thereof under
25 paragraph (2), the Tariff Commission shall advise the

1 *President of its judgment as to the probable economic effect*
2 *on such industry of such termination. The report of the*
3 *Tariff Commission on any investigation initiated under this*
4 *paragraph shall be made not later than the 90th day before*
5 *the expiration date referred to in the preceding sentence.*

6 “(4) *In advising the President under this subsection as*
7 *to the probable economic effect on the industry concerned*
8 *the Tariff Commission shall take into account all economic*
9 *factors which it considers relevant, including idling of pro-*
10 *ductive facilities, inability to operate at a level of reasonable*
11 *profit, and unemployment or underemployment.*

12 “(5) *Advice by the Tariff Commission under this sub-*
13 *section shall be given on the basis of an investigation during*
14 *the course of which the Tariff Commission shall hold a hear-*
15 *ing at which interested persons shall be given a reasonable*
16 *opportunity to be present, to produce evidence, and to be*
17 *heard.*

18 “(6) *In the course of any investigation under this*
19 *subsection, the Tariff Commission shall also determine and*
20 *report to the President—*

21 “(A) *if the termination of the increase or imposi-*
22 *tion referred to in paragraph (1) or (2) of subsection*
23 *(c) threatens to cause serious injury to the industry*
24 *concerned, and*

1 “(B) if the determination under subparagraph (A)
2 is affirmative—

3 “(i) the limit to which such increase or im-
4 position may be reduced without threatening to
5 cause serious injury to the industry concerned, and

6 “(ii) whether, in lieu of such termination, ad-
7 ditional increases or impositions of duties and other
8 import restrictions are required to prevent or rem-
9 edy serious injury to the industry concerned.”

10 SEC. 314. ORDERLY MARKETING AGREEMENTS.

11 Section 352(a) of the Trade Expansion Act of 1962
12 (19 U.S.C. 1982(a)) is amended to read as follows:

13 “(a) If the President has received an affirmative injury
14 determination of the Tariff Commission under section 301
15 (b) with respect to an industry, he may at any time nego-
16 tiate international agreements with foreign countries limiting
17 the export from such countries and the import into the
18 United States of the article causing or threatening to cause
19 serious injury to such industry whenever he determines that
20 such action would be appropriate to prevent or remedy seri-
21 ous injury to such industry. Any agreement concluded under
22 this subsection may replace in whole or in part any action
23 taken pursuant to the authority contained in paragraph (1)
24 of section 351(a); but any agreement concluded under this

1 subsection before the close of the period during which a con-
 2 current resolution may be adopted under paragraph (2) of
 3 section 351(a) shall terminate not later than the effective
 4 date of any proclamation issued by the President pursuant
 5 to paragraph (3) of section 351(a)."

6 **SEC. 315. INCREASED ASSISTANCE FOR WORKERS.**

7 (a) Section 323(a) of the Trade Expansion Act of 1962
 8 (19 U.S.C. 1942(a)) is amended by striking out "an
 9 amount equal to 65 percent of his average weekly wage or to
 10 65 percent of the average weekly manufacturing wage," and
 11 inserting in lieu thereof "an amount equal to 75 percent of
 12 his average weekly wage or to 75 percent of the average
 13 weekly manufacturing wage,".

14 (b) The second sentence of section 326(a) of such Act
 15 is amended to read as follows: "To this end, and subject to
 16 this chapter, adversely affected workers shall be afforded,
 17 where appropriate, the testing, counseling, training, and
 18 placement services and supportive and other services pro-
 19 vided for under any Federal law."

20 (c) The amendment made by subsection (a) shall
 21 apply with respect to assistance under chapter 3 of the
 22 Trade Expansion Act of 1962 for weeks of unemployment
 23 beginning on or after the date of the enactment of this Act.

24 **SEC. 316. CONFORMING AMENDMENTS.**

25 (a) Section 242(b)(2) of the Trade Expansion Act

1 of 1962 (19 U.S.C. 1872(b)(2)) is amended by strik-
2 ing out "section 301(e)" and inserting in lieu thereof "sec-
3 tion 301(b)".

4 (b) Section 302(b)(1) of such Act (19 U.S.C. 1962
5 (b)) (as amended by section 512(b) of this Act) is fur-
6 ther amended by striking out "(which the Tariff Commis-
7 sion has determined to result from concessions granted
8 under trade agreements) have caused serious injury
9 or threat thereof to such firm" and inserting in lieu thereof
10 "have contributed substantially toward causing or threaten-
11 ing to cause serious injury to such firm".

12 (c) Section 302(b)(2) of such Act (as amended by
13 section 512(b) of this Act) is further amended by striking
14 out "(which the Tariff Commission has determined to result
15 from concessions granted under trade agreements) have
16 caused or threatened to cause unemployment or underem-
17 ployment" and inserting in lieu thereof "have contributed
18 substantially toward causing or threatening to cause unem-
19 ployment or underemployment".

20 (d) Section 311(b)(2) of such Act is amended by
21 striking out "by actions taken in carrying out trade agree-
22 ments, and" and by inserting in lieu thereof "by the in-
23 creased imports identified by the Tariff Commission under
24 section 301(b)(1) or by the President under section
25 301(c)(1), as the case may be, and".

1 (e) Section 317(a)(2) of such Act is amended by
 2 striking out "by the increased imports which the Tariff
 3 Commission has determined to result from concessions
 4 granted under trade agreements" and inserting in lieu thereof
 5 "by the increased imports identified by the Tariff Commis-
 6 sion under section 301(b)(1) or by the President under
 7 section 301(c)(1), as the case may be".

8 PART B—QUOTAS ON CERTAIN TEXTILE AND
 9 FOOTWEAR ARTICLES

10 SUBPART 1—TEXTILE AND FOOTWEAR ARTICLES

11 SEC. 321. ANNUAL QUOTAS.

12 (a) The total quantity of each category of textile arti-
 13 cles (as defined in section 326(1)), and the total quantity
 14 of each category of footwear articles (as defined in section
 15 326(2)), produced in any foreign country which may be
 16 entered during 1971 shall not exceed the average annual
 17 quantity of such category produced in such country and
 18 entered during 1967, 1968, and 1969.

19 (b)(1) The total quantity of each category of textile
 20 articles, and the total quantity of each category of footwear
 21 articles, produced in any foreign country which may be
 22 entered during any calendar year after 1971 shall not exceed
 23 the sum of—

24 (A) the total quantity determined for such category
 25 for such country under subsection (a) or this sub-

1 *section for the immediately preceding calendar year, plus*

2 *(B) the increase (if any) applicable under para-*
3 *graph (2).*

4 *(2)(A) The President may increase the total quantity*
5 *of each category of textile articles, and the total quantity*
6 *of each category of footwear articles, produced in any foreign*
7 *country which may be entered during any calendar year*
8 *after 1971 by such percentage (not to exceed 5 percent of*
9 *the total quantity determined for such category for such*
10 *country under subsection (a) or this subsection for the*
11 *immediately preceding calendar year) as he determines to*
12 *be consistent with the purposes of this section.*

13 *(B) Any increase under this paragraph for any cate-*
14 *gory for any calendar year shall be the same percentage for*
15 *all foreign countries.*

16 *(C) A determination shall be made under this para-*
17 *graph for each category for each foreign country for each*
18 *calendar year after 1971 without regard to the nonapplica-*
19 *tion (or partial nonapplication) of this subsection to such*
20 *category for such country for such year by reason of subsec-*
21 *tion (d) of this section, section 322 or 323, or the Arrange-*
22 *ment or the Agreement referred to in section 324(b).*

23 *(3) If the application of this subsection to any article*
24 *produced in a foreign country begins or resumes after a*

1 *period of nonapplication which terminates on or after Jan-*
2 *uary 1, 1972, and if the President determines—*

3 *(A) that the average annual quantity of the article*
4 *produced in such country, which was entered during*
5 *1967, 1968, and 1969 was insignificant, and*

6 *(B) that the application of this paragraph to the*
7 *category which includes such article for such country is*
8 *consistent with the purposes of this section,*
9 *then for the calendar year in which such termination occurs*
10 *and for calendar years thereafter this subsection shall be*
11 *applied by determining the total quantity for the category*
12 *which includes such article for such country for the calendar*
13 *year of termination as being equal to the average annual*
14 *quantity of such category, produced in such country, which*
15 *was entered during the 3 calendar years immediately preced-*
16 *ing such calendar year of termination.*

17 *(c)(1) Any annual quantitative limitation under sub-*
18 *section (a) or (b) shall be applied on a calendar quarter or*
19 *other intra-annual basis if the President determines that such*
20 *application is necessary or appropriate to carry out the pur-*
21 *poses of this section.*

22 *(2) If the application of subsection (a) or (b) to any*
23 *category for any foreign country begins or resumes after*
24 *the first day of any calendar year, the amount of the quanti-*
25 *tative limitation for such category for such country for the*

1 remainder of such calendar year shall be the annual amount
2 determined under subsection (a) or (b), adjusted pro rata
3 according to the number of full months remaining in the
4 calendar year after the date of such beginning or such
5 resumption.

6 (d)(1) The President may exempt from subsections
7 (a) and (b) for an initial period of not to exceed 1 year
8 any textile article or footwear article produced in any foreign
9 country if he determines that imports of such article produced
10 in such country are not contributing to, causing, or threaten-
11 ing to cause market disruption in the United States. The
12 President may extend any exemption under the preceding
13 sentence for one or more additional periods of not in excess
14 of 1 year each if he makes the determination described in
15 the preceding sentence before each such extension. Any ex-
16 emption made under this subsection may be terminated by the
17 President at any time upon his finding that the article cov-
18 ered by such exemption is contributing to, causing, or threat-
19 ening to cause market disruption in the United States.

20 (2) The President may exempt from subsections (a)
21 and (b) any textile article or footwear article produced in
22 any foreign country whenever he determines that such an
23 exemption is in the national interest. The President may
24 terminate any exemption made by him under the preceding

1 sentence whenever he determines that such termination is in
2 the national interest.

3 (3) No exemption, extension of an exemption, or termi-
4 nation of an exemption under paragraph (1) or paragraph
5 (2) shall take effect before the 30th day after the day on which
6 notice of such exemption, extension, or termination is pub-
7 lished in the Federal Register.

8 (e) The Secretary of Commerce shall compute the quan-
9 tities provided for in subsections (a) and (b).

10 SEC. 322. ARRANGEMENTS OR AGREEMENTS REGU-
11 LATING IMPORTS.

12 (a) The President is authorized to conclude bilateral or
13 multilateral arrangements or agreements with the governments
14 of foreign countries regulating, by category, the quantities
15 of textile articles or footwear articles, or both, produced
16 in such foreign countries which may be exported to the
17 United States or entered and to issue regulations necessary to
18 carry out the terms of such arrangements or agreements. In
19 concluding any arrangement or agreement under this subsec-
20 tion, the President shall take into account conditions in the
21 United States market, the need to avoid disruption of that
22 market, and such other factors as he deems appropriate in
23 the national interest.

24 (b) Whenever a multilateral arrangement or agreement
25 concluded under subsection (a) is in effect among the coun-

tries, including the United States, which account for a significant part of world trade in the article concerned and such arrangement or agreement contemplates the establishment of limitations on the trade in the article produced in countries not parties to such arrangement or agreement, the President may by regulation prescribe the total quantity of the article produced in each country not a party to such arrangement or agreement which may be entered; but the total quantity for any category for any country for any calendar year may not be less than the total quantity which would be permitted to be entered if section 321 (a) and (b) applied to such category for such country for such year.

(c) Section 321 shall not apply to articles produced in foreign countries which are subject to an arrangement or agreement entered into under subsection (a) or to regulations issued under subsection (b).

SEC. 323. INCREASED IMPORTS WHERE SUPPLY IS INADEQUATE TO MEET DOMESTIC DEMAND AT REASONABLE PRICES.

In carrying out sections 321 and 322, the President may authorize increased exports to the United States or increased entries in the United States of textile articles or footwear articles of any category whenever he determines that the supply of textile articles or footwear articles similar

1 to those subject to limitation under such sections will be
2 inadequate to meet domestic demand at reasonable prices.

3 SEC. 324. EXCLUSIONS.

4 (a) The import restrictions provided for in this part do
5 not apply to any article exempted from duty under part
6 2 of schedule 8 of the Tariff Schedules of the United States or
7 to any article the entry of which is regulated pursuant
8 to paragraph (4), (5), (6), or (7) of section 498(a)
9 of the Tariff Act of 1930 (19 U.S.C. 1498(a)). To the ex-
10 tent provided in regulations prescribed by the Secretary of
11 Commerce, the import restrictions provided for in this part
12 shall not apply to other articles imported in noncommercial
13 quantities for noncommercial purposes.

14 (b) This part shall not apply to (1) articles subject
15 to the Long-Term Arrangement Regarding International
16 Trade in Cotton Textiles, so long as the United States is
17 a party thereto, or (2) the articles produced in the Philip-
18 pines provided for in item B (cordage) in the schedule to
19 paragraph 1 of article II of the 1955 Agreement With the
20 Philippines Concerning Trade and Related Matters, so long
21 as such Agreement remains in effect.

22 (c) Nothing in this part shall affect the authority pro-
23 vided for under section 22 of the Agricultural Adjustment
24 Act of 1933, as amended.

1 SEC. 325. ADMINISTRATION.

2 (a) *The rulemaking provisions of subchapter II of*
3 *chapter 5 of title 5, United States Code, shall apply with*
4 *respect to sections 321(b)(2), 321(b)(3), 321(d)(1),*
5 *322(b), 323, 324(a), and 326.*

6 (b) *All quantitative limitations established under this*
7 *part or pursuant to any arrangement or agreement entered*
8 *into under this part, all exemptions established under this part*
9 *and all extensions or terminations thereof, and all regulations*
10 *promulgated to carry out this part shall be published in the*
11 *Federal Register. The Secretary of Commerce shall certify*
12 *to the Secretary of the Treasury for each period the total*
13 *quantity of each textile article and footwear article produced*
14 *in each foreign country the entry of which is affected by such*
15 *a quantitative limitation on importation; and the Secretary*
16 *of the Treasury shall take such action as may be necessary to*
17 *ensure that the total quantity so entered during such period*
18 *shall not exceed the total quantity so certified.*

19 (c) *There shall be promulgated as a part of the ap-*
20 *pendix to the Tariff Schedules of the United States,*
21 *Annotated, all quantitative limitations and exemptions estab-*
22 *lished under this part or pursuant to any arrangement or*
23 *agreement entered into under this part and all quantitative*

1 limitations established pursuant to the Arrangement referred
2 to in section 324(b).

3 **SEC. 326. DEFINITIONS.**

4 *For purposes of this part—*

5 (1) The term “textile article” includes any article
6 if wholly or in part of cotton, wool or other animal hair,
7 human hair, man-made fiber, or any combination or
8 blend thereof, or cordage of hard (leaf) fibers, classified
9 under schedule 3 of the Tariff Schedules of the United
10 States; any article classified under subpart B or C of
11 part 1 of schedule 7 of such Schedules if wholly or in
12 substantial part of cotton, wool, or man-made fiber; any
13 other article specified by the Secretary of Commerce
14 which he has been advised by the Secretary of the Treas-
15 ury would be classified under any of the foregoing pro-
16 visions of such Schedules but for the inclusion of some
17 substance, material, or other component, or because of its
18 processing, which causes the article to be classified else-
19 where; and any of the foregoing articles if entered under
20 item 807.00 of such Schedules, or under the appendix to
21 such Schedules; but such term does not include articles
22 classified under any of items 300.10 through 300.50,
23 306.00 through 307.40, 309.60 through 309.75, and
24 390.10 through 390.60, inclusive, of such Schedules.

25 (2) The term “footwear article” includes footwear

1 provided for in any of items 700.05 through 700.45, in-
2 clusive, item 700.55, items 700.66 through 700.80, in-
3 clusive, and item 700.85 of the Tariff Schedules of the
4 United States.

5 (3) The term "category" means a grouping of textile
6 articles, or a grouping of footwear articles, as the case
7 may be, as determined by the Secretary of Commerce, for
8 the purposes of this part, using the five-digit and seven-
9 digit item numbers applied to such articles in the Tariff
10 Schedules of the United States, Annotated, as published
11 by the United States Tariff Commission.

12 (4) The term "entered" means entered, or with-
13 drawn from warehouse, for consumption in the customs
14 territory of the United States.

15 (5) The term "produced" means manufactured or
16 produced.

17 (6) The term "foreign country" includes a foreign
18 instrumentality.

19 **SUBPART 2—EFFECTIVE PERIOD**

20 **SEC. 331. TERMINATION OF PART, EXTENSION UNDER**
21 **CERTAIN CONDITIONS.**

22 (a) Unless extended under subsection (b), this part shall
23 terminate on July 1, 1976.

24 (b) The effective period of this part may be extended in
25 whole or in part by the President after July 1, 1976, for such

1 *periods (not to exceed 5 years at any one time) as he may*
 2 *designate if he determines, after seeking advice of the Tariff*
 3 *Commission and of the Secretary of Commerce and of the*
 4 *Secretary of Labor, that such extension is in the national*
 5 *interest.*

6 *(c) The President shall promptly report to Congress*
 7 *with respect to any action taken by him under subsection (b).*

8 *(d) Nothing in this section shall affect the validity of*
 9 *any arrangement or agreement entered into under section*
 10 *322(a) before the termination of this part or of any regula-*
 11 *tions issued under section 322 in connection with any such*
 12 *arrangement or agreement.*

13 *PART C—OTHER TARIFF AND TRADE PROVISIONS*

14 *SUBPART 1—AMENDMENTS TO THE ANTIDUMPING AND*

15 *COUNTERVAILING DUTY LAWS*

16 *SEC. 341. ANTIDUMPING ACT, 1921.*

17 *(a) Section 201(b) of the Antidumping Act, 1921*
 18 *(19 U.S.C. 160(b)) is amended to read as follows:*

19 *“(b) In the case of any imported merchandise of a class*
 20 *or kind as to which the Secretary has not so made public a*
 21 *finding, he shall, within 4 months after the question of*
 22 *dumping was raised by or presented to him or any person to*
 23 *whom authority under this section has been delegated—*

24 *“(1) determine whether there is reason to believe*
 25 *or suspect, from the invoice or other papers or from*

1 information presented to him or to any other person to
2 whom authority under this section has been delegated,
3 that the purchase price is less, or that the exporter's sales
4 price is less or likely to be less, than the foreign market
5 value (or, in the absence of such value, than the con-
6 structed value); and

7 “(2) if his determination is affirmative, publish
8 notice of that fact in the *Federal Register*, and require,
9 under such regulations as he may prescribe, the with-
10 holding of appraisement as to such merchandise entered,
11 or withdrawn from warehouse for consumption, on or
12 after the date of publication of that notice in the *Federal*
13 *Register* (unless the Secretary determines that the with-
14 holding should be made effective as of an earlier date in
15 which case the effective date of the withholding shall
16 be not more than 120 days before the question of
17 dumping was raised by or presented to him or any
18 person to whom authority under this section has been
19 delegated), until the further order of the Secretary, or
20 until the Secretary has made public a finding as provided
21 for in subsection (a) in regard to such merchandise; or

22 “(3) if his determination is negative, publish notice
23 of that fact in the *Federal Register*, but the Secretary
24 may within 3 months thereafter order the withholding
25 of appraisement if he then has reason to believe or sus-

1 pect, from the invoice or other papers or from informa-
2 tion presented to him or to any other person to whom
3 authority under this section has been delegated, that
4 the purchase price is less, or that the exporter's sales
5 price is less or likely to be less, than the foreign market
6 value (or, in the absence of such value, than the con-
7 structed value) and such order of withholding of ap-
8 praisement shall be subject to the provisions of para-
9 graph (2).

10 If within 2 months after the question of dumping was raised
11 or presented to him or any person to whom authority under
12 this section has been delegated, the Secretary concludes
13 that the determination required under paragraph (1)
14 cannot reasonably be made within 4 months after the
15 question was so raised or presented, he shall publish notice
16 to that effect in the Federal Register and shall make such
17 determination (and publish the notice required by paragraph
18 (2) or (3)) within 7 months after the question was so raised
19 or presented. For purposes of this subsection, the question of
20 dumping shall be deemed to have been raised or presented on
21 the date on which a notice is published in the Federal Register
22 that information relating to dumping has been received in ac-
23 cordance with regulations prescribed by the Secretary."

24 (b) Section 205 of the Antidumping Act, 1921 (19
25 U.S.C. 164), is amended by inserting "(a)" immediately

1 after "SEC. 205.", and by adding at the end thereof the
 2 following new subsection:

3 “(b) If available information indicates to the Secretary
 4 that the economy of the country from which the merchandise
 5 is exported is state-controlled to an extent that sales or
 6 offers of sales of such or similar merchandise in that country
 7 or to countries other than the United States do not permit
 8 a determination of foreign market value under subsection
 9 (a), the Secretary shall determine the foreign market value
 10 of the merchandise on the basis of the normal costs, expenses,
 11 and profits as reflected by either—

12 “(1) the prices at which such or similar merchan-
 13 dise of a non-state-controlled-economy country is sold
 14 either (A) for consumption in the home market of that
 15 country, or (B) to other countries, including the United
 16 States; or

17 “(2) the constructed value of such or similar mer-
 18 chandise in a non-state-controlled-economy country as
 19 determined under section 206 of this Act.”

20 “(c) (1) Section 210 of such Act (19 U.S.C. 169) is
 21 amended by inserting “(a)” after “SEC. 210.”, and by add-
 22 ing at the end thereof the following new subsection:

23 “(b) The right of protest referred to in subsection (a)
 24 includes the right of an American manufacturer, producer,
 25 or wholesaler of merchandise of the same class or kind as

1 *foreign merchandise which is the subject of a determination*
2 *by the Secretary under section 201(c)."*

3 (2) *Section 516 of the Tariff Act of 1930 (19 U.S.C.*
4 *1516) is amended by redesignating subsections (d), (e),*
5 *(f), and (g) as subsections (e), (f), (g), and (h), respec-*
6 *tively, and by inserting after subsection (c) the following new*
7 *subsection:*

8 “(d) *Within 30 days after a determination by the*
9 *Secretary pursuant to section 201(c) of the Antidumping*
10 *Act, 1921 (19 U.S.C. 160(c)), that a class or kind of*
11 *foreign merchandise is not being, nor likely to be, sold in the*
12 *United States at less than its fair value, an American manu-*
13 *facturer, producer, or wholesaler of merchandise of the same*
14 *class or kind as that described in such determination may*
15 *file with the Secretary a written notice of a desire to contest*
16 *such determination. Upon receipt of such notice the Secre-*
17 *tary shall cause publication to be made of such manufac-*
18 *turer's, producer's, or wholesaler's desire to contest the deter-*
19 *mination and shall furnish the manufacturer, producer, or*
20 *wholesaler with such information as to the entries and*
21 *consignees of such merchandise, entered after the publication*
22 *of the Secretary's determination at such ports of entry*
23 *designated by the manufacturer, producer, or wholesaler in*
24 *his notice of desire to contest, as will enable him to contest*
25 *such determination with respect to such merchandise in the*

1 liquidation of one such entry. The Secretary shall direct the
 2 appropriate customs officer at such ports to notify the manu-
 3 facturer, producer, or wholesaler by mail immediately when
 4 the first of such entries is liquidated."

5 (3) Section 2631(b) of title 28, United States Code, is
 6 amended by striking out "516(c)" and inserting in lieu
 7 thereof "516 (c) or (d)".

8 (d) The amendment made by subsection (a) of this
 9 section shall take effect on the 180th day after the date of
 10 the enactment of this Act.

11 **SEC. 342. COUNTERVAILING DUTIES.**

12 (a) Section 303 of the Tariff Act of 1930 (19 U.S.C.
 13 1303) is amended to read as follows:

14 **"SEC. 303. COUNTERVAILING DUTIES.**

15 **"(a) LEVY OF COUNTERVAILING DUTIES.—(1)**
 16 *Whenever any country, dependency, colony, province, or*
 17 *other political subdivision of government, person, partner-*
 18 *ship, association, cartel, or corporation, shall pay or bestow,*
 19 *directly or indirectly, any bounty or grant upon the manu-*
 20 *facture or production or export of any article or merchandise*
 21 *manufactured or produced in such country, dependency, col-*
 22 *ony, province, or other political subdivision of government,*
 23 *then upon the importation of such article or merchandise into*
 24 *the United States, whether the same shall be imported di-*

1 rectly from the country of production or otherwise, and
2 whether such article or merchandise is imported in the same
3 condition as when exported from the country of production or
4 has been changed in condition by remanufacture or other-
5 wise, there shall be levied and paid, in all such cases, in addi-
6 tion to any duties otherwise imposed, a duty equal to the net
7 amount of such bounty or grant, however the same be paid
8 or bestowed. The Secretary of the Treasury shall determine,
9 within 12 months after the date on which the question is
10 presented to him, whether any bounty or grant is being paid
11 or bestowed.

12 “(2) In the case of any imported article or merchandise
13 which is free of duty, duties may be imposed under this
14 section only if there is an affirmative determination by the
15 Tariff Commission under subsection (b) (1).

16 “(3) The Secretary of the Treasury shall from time to
17 time ascertain and determine, or estimate, the net amount of
18 each such bounty or grant, and shall declare the net amount
19 so determined or estimated.

20 “(4) The Secretary of the Treasury shall make all
21 regulations he may deem necessary for the identification of
22 such articles and merchandise and for the assessment and
23 collection of the duties under this section. All determinations
24 by the Secretary under this subsection and all determinations
25 by the Tariff Commission under subsection (b) (1), whether

1 affirmative or negative, shall be published in the Federal
2 Register.

3 “(b) INJURY DETERMINATIONS WITH RESPECT TO
4 DUTY-FREE MERCHANDISE; SUSPENSION OF LIQUIDA-
5 TION.—(1) Whenever the Secretary of the Treasury has
6 determined under subsection (a) that a bounty or grant is
7 being paid or bestowed with respect to any article or
8 merchandise which is free of duty, he shall—

9 “(A) so advise the United States Tariff Commis-
10 sion, and the Commission shall determine within 3
11 months thereafter, and after such investigation as it
12 deems necessary, whether an industry in the United
13 States is being or is likely to be injured, or is prevented
14 from being established, by reason of the importation of
15 such article or merchandise into the United States; and
16 the Commission shall notify the Secretary of its deter-
17 mination; and

18 “(B) require, under such regulations as he may
19 prescribe, the suspension of liquidation as to such article
20 or merchandise entered, or withdrawn from warehouse,
21 for consumption, on or after the 30th day after the date
22 of the publication in the Federal Register of his de-
23 termination under subsection (a)(1), and such sus-
24 pension of liquidation shall continue until the further
25 order of the Secretary or until he has made public an

1 order as provided for in paragraph (2) of this subsec-
2 tion.

3 “(2) If the determination of the Tariff Commission
4 under subparagraph (A) is in the affirmative, the Secre-
5 tary shall make public an order directing the assessment and
6 collection of duties in the amount of such bounty or grant as
7 is from time to time ascertained and determined, or esti-
8 mated, under subsection (a).

9 “(c) APPLICATION OF AFFIRMATIVE DETERMINA-
10 TION.—An affirmative determination by the Secretary of the
11 Treasury under subsection (a)(1) with respect to any im-
12 ported article or merchandise which (1) is dutiable, or (2)
13 is free of duty but with respect to which the Tariff Commis-
14 sion has made an affirmative determination under subsection
15 (b)(1), shall apply with respect to articles entered, or
16 withdrawn from warehouse, for consumption on or after the
17 30th day after the date of the publication in the Federal
18 Register of such determination by the Secretary.

19 “(d) SPECIAL RULE FOR ANY ARTICLE SUBJECT TO
20 A QUANTITATIVE LIMITATION.—No duty shall be imposed
21 under this section with respect to any article which is subject
22 to a quantitative limitation imposed by the United States
23 on its importation, or subject to a quantitative limitation on
24 its exportation to or importation into the United States im-
25 posed under an agreement to which the United States is a

1 party, unless the Secretary of the Treasury determines, after
 2 seeking information and advice from such agencies as he
 3 may deem appropriate, that such quantitative limitation is
 4 not an adequate substitute for the imposition of a duty under
 5 this section."

6 (b)(1) Except as provided in paragraph (2), the
 7 amendments made by subsection (a) shall take effect on the
 8 date of the enactment of this Act.

9 (2) The last sentence of section 303(a)(1) of the
 10 Tariff Act of 1930 (as added by subsection (a) of this sec-
 11 tion) shall apply only with respect to questions presented on
 12 or after the date of the enactment of this Act.

13 SUBPART 2—TARIFF COMMISSION

14 SEC. 351. INDEPENDENT STATUS OF TARIFF COMMISSION.

15 Section 330 of the Tariff Act of 1930 (19 U.S.C.
 16 1330) is amended by adding at the end thereof the follow-
 17 ing new subsection:

18 "(e) INDEPENDENT STATUS.—Except as otherwise
 19 specifically provided by law, the Commission shall be a
 20 Federal agency independent of the Executive departments
 21 and agencies."

22 SUBPART 3—STUDIES OF UNITED STATES TRADE POLICIES

23 SEC. 361. COMPREHENSIVE STUDY BY THE PRESIDENT.

24 (a) The President is authorized and directed to conduct
 25 a comprehensive study of United States international trade

1 *policies and the position of the United States in international*
 2 *trade. Such study shall involve the provisions of all trade*
 3 *agreements and other international agreements to which the*
 4 *United States is a party, and the interpretations of such*
 5 *provisions, and shall include (but not be limited to) the fol-*
 6 *lowing provisions of such agreements:*

7 *(1) the most favored nation principle, the special*
 8 *exceptions thereto, and the effect of these exceptions on*
 9 *United States trade and investment patterns;*

10 *(2) the provisions for export subsidies and border*
 11 *taxes and the rationale underlying the different treat-*
 12 *ment of direct and indirect taxes insofar as border tax*
 13 *adjustments are concerned;*

14 *(3) the adequacy of provisions on agricultural*
 15 *trade;*

16 *(4) the adequacy of provisions dealing with balance-*
 17 *of-payments matters;*

18 *(5) the provisions on unfair trade practices and*
 19 *relief from injurious imports; and*

20 *(6) the provisions on "compensation" and "re-*
 21 *taliation".*

22 *(b) The comprehensive study required by subsection (a)*
 23 *shall also involve all problems and issues affecting the posi-*
 24 *tion of the United States in international trade and shall*

1 include (but not be limited to) the following problems and
2 issues:

3 (1) a United States negotiating position with respect
4 to the quantitative restrictions that remain in effect in
5 many countries;

6 (2) the border tax-export rebate system of the
7 European Economic Community with particular refer-
8 ence to United States countervailing duty laws;

9 (3) the common agricultural policies of the Euro-
10 pean Economic Community;

11 (4) discriminatory government procurement policies;

12 (5) the probable effects of British entry into the
13 European Economic Community on United States trade
14 and balance of payments;

15 (6) the effect of foreign exchange rate changes on
16 United States trade and trade concessions;

17 (7) an analysis of whether greater flexibility in
18 foreign exchange rates would serve in the interests of
19 the United States and world trade;

20 (8) the nature and extent to which other countries
21 subsidize their exports directly or indirectly;

22 (9) a comparative analysis of various proposals to
23 extend "tariff preferences" to the products of less de-
24 veloped countries with particular emphasis on the effects

1 on United States trade and investment patterns and on
2 United States labor; and

3 (10) the various agency responsibilities within the
4 executive branch for handling all United States foreign
5 trade matters, and the means by which policy coordina-
6 tion is achieved.

7 (c) The President shall as soon as practicable, but not
8 later than December 31, 1971, submit to the Congress a report
9 of the comprehensive study required by subsection (a),
10 together with his recommendations with respect thereto.

11 SEC. 362. STUDIES BY TARIFF COMMISSION.

12 The Tariff Commission shall conduct studies of the fol-
13 lowing matters, and submit reports thereon to the Committee
14 on Finance of the Senate and the Committee on Ways and
15 Means of the House of Representatives not later than Decem-
16 ber 31, 1971:

17 (1) the tariff and nontariff barriers imposed by the
18 principal trading nations among industrialized countries,
19 including an analysis of disparities in tariff treatment of
20 similar articles of commerce by different countries, and
21 the reasons for the disparities;

22 (2) the nature and extent of the tariff concessions
23 granted in trade agreements and other international
24 agreements to which the United States is a party by the
25 principal trading nations among industrialized countries;

1 (3) the customs valuation procedures of foreign
 2 countries and those of the United States, with a view to
 3 developing and suggesting uniform standards of custom
 4 valuation which would operate fairly among all classes of
 5 shippers in international trade, and the economic effects
 6 which would follow if the United States adopted such
 7 standards of valuation, based on rates of duty which will
 8 become effective on January 1, 1972; and

9 (4) the present and potential effects of the operations
 10 of multinational firms on the patterns of world trade and
 11 investment and on United States trade and labor.

12 SUBPART 4—MISCELLANEOUS PROVISIONS

13 SEC. 371. AMENDMENTS TO AUTOMOTIVE PRODUCTS

14 TRADE ACT OF 1965.

15 (a) Section 302(a) of the Automotive Products Trade
 16 Act of 1965 (19 U.S.C. 2022) is amended by striking out
 17 “After the 90th day after the date of the enactment of this
 18 Act and before July 1, 1968, a petition under section 301”
 19 and inserting in lieu thereof “A petition under section 301”.

20 (b) The heading of section 302 of such Act is amended
 21 to read as follows: “SPECIAL AUTHORITY”.

22 (c) Subsections (c), (d), and (g)(2) of section 302
 23 of such Act are amended by striking out “the primary
 24 factor” and inserting in lieu thereof “a substantial factor”.

25 (d) The amendments made by this section shall apply

1 *with respect to petitions filed after the date of the enactment*
 2 *of this Act; except that—*

3 *(1) such amendments shall apply only with respect*
 4 *to dislocations which began after June 30, 1968, and*

5 *(2) such amendments shall apply with respect to*
 6 *dislocations which began after June 30, 1968, and before*
 7 *July 1, 1970, only if the petition is filed on or before*
 8 *the 90th day after the date of the enactment of this Act.*

9 *(e) The President shall endeavor to secure elimination*
 10 *by the Government of Canada of its duties and other import*
 11 *restrictions on automobiles produced in the United States.*
 12 *If the elimination of such duties and import restrictions has*
 13 *not been secured before January 1, 1973, the President shall*
 14 *consider the failure to secure such elimination as grounds (1)*
 15 *for terminating United States participation in the Agreement*
 16 *Concerning Automotive Products Between the Government of*
 17 *the United States of America and the Government of Canada,*
 18 *signed on January 16, 1965, and (2) for exercising the*
 19 *authority conferred on him by section 204 of the Automotive*
 20 *Products Trade Act of 1965 to terminate in whole or in part*
 21 *proclamations issued under such Act.*

22 **SEC. 372. RATES OF DUTY ON MINK FURSKINS; REPEAL**
 23 **OF EMBARGO ON CERTAIN FURS.**

24 *(a)(1) Schedule 1, part 5, subpart B of the Tariff*
 25 *Schedules of the United States (19 U.S.C. 1202) is*
 26 *amended by inserting after item 123.50 the following:*

	<i>Furskins of mink, whether or not dressed:</i>		
	<i>Plates, mats, linings, strips, crosses, or similar forms, all the foregoing made wholly of heads, paws, tails, gills, and similar trimming-scrap pieces of mink fur skin; and any such trimming-scrap pieces not sewn together:</i>		
123. 60	Not dyed.....	12% ad val.	35% ad val.
123. 62	Dyed.....	14% ad val.	40% ad val.
	<i>Other:</i>		
	<i>For an aggregate quantity of not over 900,000 skins (or pieces of skins) entered during any calendar quarter:</i>		
123. 70	Raw or not dressed.....	Free	30% ad val.
	<i>Dressed:</i>		
	<i>Plates, mats, linings, strips, crosses, or similar forms:</i>		
123. 72	Not dyed.....	12% ad val.	35% ad val.
123. 73	Dyed.....	14% ad val.	40% ad val.
	<i>Other:</i>		
123. 75	Not dyed.....	3.5% ad val.	25% ad val.
123. 76	Dyed.....	5.5% ad val.	30% ad val.
123. 78	Other.....	25% ad val.	40% ad val.

"

1 (2) Schedule 1, part 5, subpart B of such Schedules is
2 further amended by striking out item 124.10 and inserting
3 in lieu thereof the following:

	<i>Raw or not dressed:</i>		
124. 08	<i>Ermine, fox, ko- linsky, marten, muskrat, and weasel.....</i>	Free	30% ad val.
124. 10	<i>Other.....</i>	Free	Free

"

4 (3) Schedule 7, part 13, subpart B of such Schedules is
5 amended by inserting after item 791.10 the following new
6 item:

" | 791. 12 | Of mink..... | 14% ad val. | 50% ad val. | "

ules of the United States is amended by renumbering item 734.97 as 734.98 and by inserting after item 734.96 the following new item:

" | 734.97 | Parts of ski bindings.....| 3% ad val.| 45% ad val. | "

(b) The amendments made by subsection (a) shall apply with respect to articles entered, or withdrawn from warehouse, for consumption on or after January 1, 1971.

(c) The rates of duty in rate column numbered 1 of the Tariff Schedules of the United States for item 734.97 (as amended by subsection (a)) shall be treated as not having the status of statutory provisions enacted by the Congress, but as having been proclaimed by the President as being required or appropriate to carry out foreign trade agreements to which the United States is a party. References to item 734.97 of such Schedules in annex III to Proclamation 3822, dated December 16, 1967, shall be treated as referring to item 734.98 of such Schedules (as renumbered by subsection (a)).

SEC. 375. INVOICE INFORMATION.

Section 481(a) of the Tariff Act of 1930 (19 U.S.C. 1481(a)) is amended—

(1) by redesignating paragraph (10) thereof as paragraph (11);

(2) by striking out "and" at the end of paragraph (9); and

1 (3) by inserting immediately after such paragraph
2 (9) the following new paragraph:

3 “(10) Such information as to product description as is
4 required to be made a part of the entry by provisions of the
5 Tariff Schedules of the United States, Annotated, issued pur-
6 suant to section 484(e) of this Act; and”.

7 **SEC. 376. REPORTS OF IMPORTS AND EXPORTS.**

8 (a) Section 301 of title 13, United States Code is
9 amended—

10 (1) by inserting “(a)” before “The Secretary”;

11 (2) by striking out “shall compile” and inserting in
12 lieu thereof “shall, subject to the provisions of subsections
13 (b) and (c), compile”; and

14 (3) by adding at the end thereof the following new
15 subsections:

16 “(b) The Secretary shall publish, as promptly as pos-
17 sible after the close of each month and each year, information
18 on imports by categories using the seven-digit item numbers set
19 forth in the Tariff Schedules of the United States, Annotated,
20 as published by the United States Tariff Commission, and
21 showing such imports from each foreign country. In publish-
22 ing any information under this chapter with respect to im-
23 ports, the Secretary shall state—

24 “(1) the value of imported articles based on their

1 dutiable value as determined under section 402 or 402a
2 of the Tariff Act of 1930, and

3 “(2) the purchase price (transaction value) of im-
4 ported articles plus, when not included in such price, all
5 charges, costs, and expenses incurred in bringing the
6 imported articles to the customs territory of the United
7 States (or, in the case of articles not acquired by pur-
8 chase in an arm’s-length transaction, the equivalent of
9 such price, charges, costs, and expenses).

10 “(c) In publishing any information under this chapter
11 with respect to exports, the Secretary shall state separately
12 from the total value of all exports—

13 “(1)(A) the value of agricultural commodities ex-
14 ported under the Agricultural Trade Development and
15 Assistance Act of 1954, as amended; and

16 “(B) the total amount of all export subsidies paid
17 to exporters by the United States under such Act for the
18 exportation of such commodities; and

19 “(2) the value of goods exported under the Foreign
20 Assistance Act of 1961.”

21 (b) Section 303 of such title is amended by—

22 (1) amending the section caption to read as follows:

23 “Duties of the Secretaries of Treasury, Agriculture, and
24 State”;

1 (2) by inserting (a), before "To assist"; and
 2 (3) by adding at the end thereof the following new
 3 subsection:

4 “(b) To assist the Secretary to carry out the provisions
 5 of this chapter—

6 “(1) the Secretary of Agriculture shall furnish
 7 information to the Secretary concerning the value of
 8 agricultural commodities exported under provisions of
 9 the Agricultural Trade Development and Assistance Act
 10 of 1954, as amended, and the total amounts of all
 11 export subsidies paid to exporters by the United States
 12 under such Act for the exportation of such commodities;
 13 and

14 “(2) the Secretary of State shall furnish informa-
 15 tion to the Secretary concerning the value of goods ex-
 16 ported under the provisions of the Foreign Assistance
 17 Act of 1961, as amended.”

18 (c) The table of sections for chapter 9 of such title is
 19 amended by striking out the item relating to section 303 and
 20 inserting in lieu thereof the following:

“303. Duties of the Secretaries of Treasury, Agriculture, and State.”

21 (d) Section 484(e) of the Tariff Act of 1930 (19
 22 U.S.C. 1484(e)) is amended—

23 (1) by striking out “and” before “the value” and
 24 inserting in lieu thereof a comma; and

(2) by inserting before the period at the end thereof the following: “, and all charges, costs, and expenses incurred in bringing the imported merchandise to the customs territory of the United States”.

(e) The amendments made by subsection (a) shall apply with respect to information published under the provisions of chapter 9 of title 13, United States Code, on or after July 1, 1971.

SEC. 377. CERTAIN MEAT AND MEAT PRODUCTS.

(a) Section 2(a) of the Act entitled “Act to provide for the free importation of certain wild animals, and to provide for the imposition of quotas on certain meat and meat products”, approved August 22, 1964 (Public Law 88-482), is amended to read as follows:

“(a) It is the policy of the Congress that the aggregate quantity of the articles specified in—

“(1) item 106.10 of the Tariff Schedules of the United States (relating to fresh, chilled, or frozen cattle meat),

“(2) item 106.20 of such Schedules (relating to fresh, chilled, or frozen meat of goats and sheep (except lambs)), and

“(3) item 107.60 of such Schedules (relating to prepared or preserved beef and veal), but only insofar as such item relates to beef and veal which is prepared and

1 in a fresh, chilled, or frozen state, but not otherwise
2 preserved,
3 which may be imported into the United States in any calendar
4 year beginning after December 31, 1964, should not exceed
5 726,700,000 pounds; except that this quantity shall be in-
6 creased or decreased for any calendar year by the same per-
7 centage that the estimated average annual domestic commer-
8 cial production in that calendar year and the two preceding
9 calendar years of articles described in items 106.10 and
10 106.20 of such Schedules increases or decreases in compari-
11 son with the average annual domestic commercial production
12 of such articles during the years 1959 through 1963, inclu-
13 sive."

14 (b) Section 2(c)(1) of such Act is amended by striking
15 out "during such calendar year, to the aggregate quantity"
16 and inserting in lieu thereof "during each quarter of such
17 calendar year to one-fourth of the aggregate quantity".

18 (c) The amendments made by this section shall apply
19 with respect to the calendar year 1971 and succeeding calen-
20 dar years. The Secretary of Agriculture shall carry out the
21 duties and functions imposed on him by section 2 of the Act
22 of August 22, 1964 (as amended by this Act), with respect
23 to the calendar year 1971 and the first quarter of such year
24 as soon as possible after the date of the enactment of this Act.

1 **SEC. 378. TRADE WITH FOREIGN COUNTRIES PERMITTING**
 2 **UNCONTROLLED PRODUCTION OF OR TRAF-**
 3 **FICKING IN CERTAIN DRUGS.**

4 *The President of the United States shall have the*
 5 *authority to impose an embargo or suspension of trade with*
 6 *a nation which permits the uncontrolled or unregulated pro-*
 7 *duction of or trafficking in opium, heroin, or other poppy*
 8 *derivatives in a manner to permit these drug items to fall*
 9 *into illicit commerce for ultimate disposition and use in*
 10 *this country.*

11 **SUBPART 5—SHORT TITLE**

12 **SEC. 381. SHORT TITLE.**

13 *This title may be cited as the "Trade Act of 1970".*

14 **TITLE IV—CATASTROPHIC HEALTH**
 15 **INSURANCE PROGRAM**

16 **CATASTROPHIC HEALTH INSURANCE PROGRAM**

17 *SEC. 401. The Social Security Act, is amended by add-*
 18 *ing after title XIX the following new title:*

19 **"TITLE XX—CATASTROPHIC HEALTH**
 20 **INSURANCE PROGRAM**

21 **"DESCRIPTION OF PROGRAM**

22 *"SEC. 2001. The insurance program established by this*
 23 *title provides protection against the costs of high-cost cata-*
 24 *strophic illnesses and establishes the conditions individuals*
 25 *must meet to become entitled thereto.*

1 “ELIGIBLE INDIVIDUALS

2 “SEC. 2002. (a) Every individual who—

3 “(1) has not attained the age of 65; and

4 “(2) (A) is fully or currently insured (as such
5 terms are defined in section 214 of this Act), or (B) is
6 entitled to monthly insurance benefits under title II of
7 this Act, or (C) is the spouse or dependent child (as
8 defined in regulations) of an individual who is fully or
9 currently insured, or (D) is the spouse or dependent
10 child (as defined in regulations) of an individual entitled
11 to monthly insurance benefits under title II of this Act;
12 and

13 “(3) has filed an application under this section in
14 such manner and in accordance with such other require-
15 ments as may be prescribed in regulations of the
16 Secretary;

17 shall be entitled to catastrophic health insurance benefits pro-
18 vided by this title for each month in which he meets the con-
19 ditions specified in paragraphs (1) and (2), beginning with
20 the first month after December 1971 in which he meets such
21 conditions and ending with the month in which he dies, or if
22 earlier, the month before the month in which he no longer
23 meets the conditions of either paragraph (1) or (2) of this
24 subsection.

25 “(b) For purposes of subsection (a)—

1 “(1) entitlement of an individual to catastrophic
2 health insurance benefits for a month shall consist of
3 entitlement to have payment made under, and subject to
4 the limitations in, this title to him or on his behalf for
5 the services described in section 2003 which are fur-
6 nished him in the United States (or outside the United
7 States in the case of services specified in section
8 2003(a)(2)(B)); and

9 “(2) in determining whether (A) an individual,
10 who has not attained age 62, is a fully insured indi-
11 vidual with respect to a calendar year he shall be deemed
12 to have attained age 62 in such year and (B) an
13 individual who is not entitled to benefits under section
14 202(a) is a currently insured individual with respect
15 to a quarter, he shall be deemed to be entitled to benefits
16 under such section in such quarter;

17 “(3) an individual who is not (nor deemed to be)
18 a fully insured individual with respect to a calendar
19 year shall be deemed to be such for such calendar year
20 and 6 months thereafter if in the preceding calendar
21 year he was (or is deemed, pursuant to paragraph (2),
22 to be), a fully insured individual;

23 “(4) an individual who is not (nor deemed to be)
24 a currently insured individual with respect to any

quarter shall be deemed to be such for such quarter if such quarter is in the 13-quarter period following the last quarter of any such period in which he was (or is deemed, pursuant to paragraph (2), to be), a currently insured individual.

“SCOPE OF BENEFITS

“SEC. 2003. (a) The benefits provided to an individual by the insurance program under this title shall be—

“(1) hospital insurance benefits which shall consist of entitlement to have payment made on behalf of an individual for—

“(A) inpatient hospital services (as defined in section 1861(b));

“(B) post-hospital extended care services (as defined in section 1861(i) but only if with respect to at least one of the 3 days of hospitalization required by such section payment may be made pursuant to section 2004(a)(1)(A) for services furnished on such day);

“(C) home health services (as defined in 1861(m));

“(D) outpatient physical therapy services (as defined in section 1861(p));

“(E) medical and other health services (as defined in section 1861(s), but subject to the limita-

tion and conditions prescribed in section 1832(a)
(2)(B)); and

“(2) medical insurance benefits which shall consist of entitlement to have payment made to an individual or on his behalf for—

“(A) medical and other health services (as defined in section 1861(s), except those described in subsection (b)(5);

“(B) services of the type described by section 1814(d)(1) for which payment cannot be made under paragraph (1)(A) or subparagraph (A) of this paragraph solely because the hospital does not elect to claim payment, but only if the provisions of section 1814(d)(2)(B) or section 1835(b)(2)(B) are met);

“(C) services described in section 1814(f).

“(b)(1) Notwithstanding the previous provisions of this section, no payment may be made with respect to expenses incurred for items or services if pursuant to section 1802(a), (b), or (d) payment may not be made for such expenses under title XVIII.

“(2) No payment may be made under this title with respect to any item or service furnished to or on behalf of any individual on or after January 1, 1972, if such item or service is covered under a health benefits plan in which such

1 individual is enrolled under chapter 89 of title 5, United
 2 States Code, unless prior to the date on which such item or
 3 service is so furnished the Secretary shall have determined
 4 and certified that the Federal employees health benefits pro-
 5 gram under chapter 89 of such title 5 has been modified so
 6 as to assure that—

7 “(A) there is available, to each Federal employee
 8 or annuitant who has not attained age 65, one or more
 9 health benefits plans which offer protection supplementing
 10 the protection provided by this title, and

11 “(B) the Government will make available to such
 12 Federal employee or annuitant a contribution in an
 13 amount at least equal to the contribution which the Gov-
 14 ernment makes toward the health insurance of any em-
 15 ployee or annuitant enrolled for high option coverage
 16 under the Government-wide plans established under chap-
 17 ter 89 of such title 5, with such contribution being in the
 18 form of a contribution toward the supplementary pro-
 19 tection referred to in subparagraph (A).

20 “PAYMENT, DEDUCTIBLES, AND COINSURANCE

21 “SEC. 2004. (a) Subject to the succeeding provisions of
 22 this section, there shall be paid from the Federal Cata-
 23 strophic Health Insurance Trust Fund, in the case of each
 24 individual who is covered under the insurance program estab-
 25 lished by this title and incurs expenses for services with

1 respect to which benefits are payable under this title, amounts
2 equal to—

3 “(1) (A) in the case of services described in sub-
4 paragraph (A) of section 2003(a)(1), the reasonable
5 cost of such services (as defined in section 1861(v))
6 furnished after the 60th day of inpatient hospital serv-
7 ices (as defined in section 1861(b)) to such individual
8 in any calendar year, reduced by a coinsurance amount
9 equal to one-fourth of the inpatient hospital deductible
10 (as determined under section 1813(b)(2) of the Social
11 Security Act) for each day after such 60th day on
12 which such individual is furnished such services, except
13 that (i) the days on which such individual was an in-
14 patient of a hospital in the last three months of the pre-
15 ceding calendar year and which were included in the 60-
16 day period for which no benefits were payable during
17 such calendar year shall be included in determining such
18 60-day period and (ii) the reduction under this sentence
19 for any day shall not exceed the charges imposed for that
20 day with respect to such individual for such services (and
21 for this purpose, if the customary charges for such serv-
22 ices are greater than the charges so imposed, such cus-
23 tomary charges shall be considered to be the charges so
24 imposed);

1 “(B) in the case of services described in subpara-
2 graph (B) of section 2003(a)(1), the reasonable cost
3 of such services (as defined in section 1861(v)) re-
4 duced by a coinsurance amount equal to one-eighth of
5 the inpatient hospital deductible (as determined under
6 section 1813(b)(2)) for each day on which such indi-
7 vidual is furnished such services;

8 “(2) in the case of services described in subpara-
9 graphs (C), (D) and (E) of section 2004(a)(1), 80
10 percent of the reasonable cost of the services (as deter-
11 mined under section 1861(v);

12 “(3) in the case of services described in subsection
13 (a)(2) of section 2003, 80 percent of the reasonable
14 charges for such services.

15 “(b) Before applying paragraphs (2) and (3) of sub-
16 section (a) with respect to expenses incurred by an individual
17 during any calendar year, the total amount of the expenses
18 incurred by such individual during such year (which would,
19 but for this subsection, constitute incurred expenses from
20 which benefits payable under paragraphs (2) and (3) of
21 subsection (a) are determinable) shall be reduced by a de-
22 ductible of \$2,000; except that —

23 “(1) the amount of the deductible for such calen-
24 dar year as so determined shall first be reduced by the
25 amount of any expenses incurred by such individual

1 in the last three months of the preceding calendar year
2 and applied toward such individual's deductible under
3 this section for such preceding year, and

4 “(2) any such expenses so incurred by other mem-
5 bers of such individual's family shall be deemed to have
6 been incurred by such individual.

7 For the purposes of paragraph (2), a family may consist of
8 one or more individuals (i) one of whom is entitled to benefits
9 under this title by reason of section 2002(a)(2) (A) or (B)
10 and (ii) such others of whom are so entitled by reason of sec-
11 tion 2002(a)(2) (C) or (D), but only to the extent that the
12 individuals included under clause (i) and (ii) are living
13 in a place of residence maintained by one or more of them as
14 his or her own home.

15 “(c) The Secretary shall between July 1 and October
16 1, 1972, and each year thereafter, determine and promulgate
17 the deductible which shall be applicable for purposes of sub-
18 section (b) in the succeeding calendar year. Such deductible
19 shall be equal to whichever is the higher—

20 “(1) \$2,000 or

21 “(2) 2,000 multiplied by the ratio of the component
22 of the Consumer Price Index, prepared by the Depart-
23 ment of Labor for June of the year in which such deter-
24 mination is made and promulgated, which represents fees

1 for physician services to such component of such Con-
2 sumer Price Index for the month of December 1971, with
3 such product, if not a multiple of \$50, being rounded to
4 the nearest multiple of \$50.

5 “(d) Payment for services under this title shall also be
6 subject to the limitations described in section 1812 (c) and
7 (e) and section 1833 (c) and (e).

8 "CONDITIONS OF AND LIMITATIONS ON PAYMENT
9 FOR SERVICES

10 “SEC. 2005. (a) To the extent that payment may be
11 made for services described in section 2003(a)(1), the pro-
12 visions of sections 1814, 1815, 1816, 1833(f), 1835 shall
13 apply.

14 “(b) To the extent that payment may be made for
15 services described in section 2003(a)(2), the provisions of
16 section 1842 shall apply.

17 “APPLICABILITY OF CERTAIN PROVISIONS OF
18 TITLE XVIII

19 “*SEC. 2006. (a) The provisions of section 1861 (ex-*
20 *cept subsection (a) and (y), 1866, 1867, 1869, 1870,*
21 *1871, 1872, 1873, 1874, 1875, 1876, 1877, 1878, and*
22 *1879 shall apply with respect to this title to the same*
23 *extent as they are applicable with respect to title XVIII.*

24 “(b) The provisions of part B of title XI, section
25 1122, and 1124, 1125, and 1130 shall apply with respect

1 to the title to the same extent as they are applicable with
2 respect to title XVIII.

3 “(c) The provisions of section 222 of the Social
4 Security Amendments of 1970 and section 402(a) of the
5 Social Security Amendments of 1967 shall be applicable to
6 this title to the same extent as they are applicable to title
7 XVIII.

8 “STATE AGREEMENTS FOR COVERAGE OF ANNUITANTS
9 AND MEMBERS OF A RETIREMENT SYSTEM AND THEIR
10 DEPENDENTS AND SURVIVORS

11 “SEC. 2007. (a) The Secretary shall, at the request of
12 a State which has entered into an agreement under section
13 218, enter into an agreement with such State pursuant to
14 which all individuals in any of the coverage groups described
15 in subsection (b) (as specified in the agreement) will be
16 entitled to benefits under this part.

17 “(b) For purposes of this section—

18 “(1) the term ‘retirement system’ means a pension,
19 annuity, retirement, or similar fund or system estab-
20 lished by a State or by a political subdivision thereof.

21 “(2) the term ‘political subdivision’ includes an
22 instrumentality of (A) a State, (B) one or more po-
23 litical subdivisions of a State, or (C) a State and one
24 or more political subdivisions.

1 “(3) the term ‘State’ includes an instrumentality
2 of two or more States.

3 “(4) the term ‘coverage group’ means (A) annui-
4 tants under a retirement system, (B) members of a re-
5 tirement system who are not annuitants, (C) the widows
6 or widowers of annuitants under a retirement system,
7 and (D) the widows or widowers of members of a re-
8 tirement system who were not annuitants; except that
9 such term shall not include any individual who is en-
10 titled to catastrophic health insurance benefits under this
11 title by reason of section 2002(a).

12 “(c)(1) An agreement entered into with any State
13 under this section shall be applicable to one or more cover-
14 age groups, referred to in clause (A) of subsection (b)(4),
15 and as designated by the State in such agreement.

16 “(2) An agreement entered into with any State under
17 this section may be applicable to one or more of the coverage
18 groups referred to in any of the clauses of subsection (b)(4)
19 (except clause (A)) but only with respect to retirement sys-
20 tems (A) the annuitants of which are individuals in a
21 coverage group designated, pursuant to paragraph (1), as
22 a coverage group to which such agreement applies and (B)
23 in the case of widows, and widowers, referred to in clause
24 (D), the members of which are individuals in a coverage

1 group designated, pursuant to this paragraph, as a coverage
2 group to which this agreement applies.

3 “(d) The Secretary shall, at the request of any State,
4 modify the agreement with such State under this section to
5 include any coverage group to which the agreement did not
6 previously apply; but the agreement as so modified may not
7 be inconsistent with the provisions of this section applicable
8 in the case of an original agreement with a State.

9 “(e) For purposes of this section an individual who is
10 in a coverage group to which the agreement under this sec-
11 tion applies, shall (subject to the succeeding provisions of
12 this section) be entitled to benefits under this title in the same
13 manner and under the same conditions as though he estab-
14 lished such entitlement under section 2002(a).

15 “(f) The entitlement to benefits under this title of an
16 individual, who is in a coverage group to which the agree-
17 ment under this section applies, shall—

18 “(1) begin on whichever of the following is the
19 latest:

20 “(A) January 1972,

21 “(B) the first day of the month following the
22 first month in which he is in such coverage group,

23 “(C) the first day of the second month following
24 the month in which such agreement is entered into, or

1 “(D) the first day of the second month following
2 the month to which such agreement, pursuant to a
3 modification, becomes applicable to such coverage
4 group, and

5 “(2) end on whichever of the following is the
6 earliest—

7 “(A) the last day of the month in which such
8 individual dies,

9 “(B) the last day of the month preceding the
10 first month for which he becomes entitled to benefits
11 under this title by reason of section 2002(a),

12 “(C) the first day of the month following the
13 month in which he ceases to be in the coverage
14 group to which such agreement is applicable,

15 “(D) the day on which such agreement ter-
16 minates, or

17 “(E) the day on which such agreement ter-
18 minates with respect to such coverage group.

19 “(g) Each such agreement shall provide that the State—

20 “(1) will, at such time or times as the Secretary
21 specifies, reimburse the Federal Catastrophic Health In-
22 surance Trust Fund (A) for payments made from such
23 Fund to pay for the services furnished to individuals
24 entitled to have payment made for such services by
25 reason of such agreement and (B) for the administra-

1 *tive expenses incurred by the Department of Health,*
2 *Education, and Welfare in carrying out such agreement*
3 *and by such public or private agencies that such Depart-*
4 *ment may utilize for such purpose,*

5 “(2) *will comply with such rules and regulations*
6 *as the Secretary may issue in carrying out such*
7 *agreement,*

8 “(3) *will furnish the Secretary such timely informa-*
9 *tion and reports as he may find necessary in performing*
10 *his functions under this section and will maintain such*
11 *records and afford such access thereto as the Secretary*
12 *finds necessary to assure the correctness and verification*
13 *of the information and reports under this paragraph*
14 *and otherwise carry out this agreement,*

15 *and shall contain such other terms and conditions not incon-*
16 *sistent with this section as the Secretary may find necessary*
17 *and appropriate.*

18 “(h) *Upon giving at least six months notice in writing*
19 *to the Secretary, a State may terminate, effective at the*
20 *end of a calendar quarter specified in the notice, its agree-*
21 *ment with the Secretary either in its entirety or with respect*
22 *to a coverage group.*

23 “(i) *If the Secretary, after giving reasonable notice*
24 *and opportunity for hearing to a State with whom he has*
25 *entered into an agreement pursuant to this section, finds*

1 *that the State has failed or is no longer legally able sub-*
2 *stantially to comply with any provision of such agreement or*
3 *of this section, he shall notify such State that the agreement*
4 *will be terminated in its entirety, or with respect to any one*
5 *or more coverage groups designated by him, at such time as*
6 *he deems appropriate, unless prior to such time he finds there*
7 *no longer is any such failure or that the cause for such legal*
8 *inability has been removed.*

9 “(j) *A determination by a State, which has entered into*
10 *an agreement with the Secretary under this section, as to*
11 *whether an individual is an annuitant or member of a retire-*
12 *ment system or the widow or widower of such an annuitant or*
13 *member shall, for purposes of this section, be final and con-*
14 *clusive upon the Secretary.*

15 “(k) (1) *If more or less than the correct amount due*
16 *under an agreement pursuant to this section is paid, proper*
17 *adjustments with respect to the amounts due under such*
18 *agreement shall be made, without interest, in such manner*
19 *and at such times as may be prescribed by regulations of the*
20 *Secretary.*

21 “(2) *In case any State does not make, at the time or*
22 *times due, the payments provided for under an agreement*
23 *pursuant to this section, there shall be added, as part of the*
24 *amounts due, interest at the rate of 6 per centum per annum*
25 *from the date due until paid.”*

2 *FUND*

13 “(1) the taxes imposed by section 3101(c) and
14 3111(c) of the Internal Revenue Code of 1954 with
15 respect to wages reported to the Secretary of the Treas-
16 ury or his delegate pursuant to subtitle F of such Code
17 after December 31, 1971, as determined by the Secretary
18 of the Treasury by applying the applicable rates of tax
19 under such sections to such wages, which wages shall be
20 certified by the Secretary of Health, Education, and
21 Welfare on the basis of records of wages established and
22 maintained by the Secretary of Health, Education, and
23 Welfare in accordance with such reports; and

24 “(2) the taxes imposed by section 1401(c) of the
25 Internal Revenue Code of 1954 with respect to self-

1 *employment income reported to the Secretary of the*
2 *Treasury or his delegates on tax returns under subtitle F*
3 *of such Code, as determined by the Secretary of the*
4 *Treasury by applying the applicable rate of tax under*
5 *such section to such self-employment income, which self-*
6 *employment income shall be certified by the Secretary of*
7 *Health, Education, and Welfare on the basis of records*
8 *of self-employment established and maintained by the*
9 *Secretary of Health, Education, and Welfare in accord-*
10 *ance with such returns.*

11 *The amounts appropriated by the preceding sentence shall be*
12 *transferred from time to time from the general fund in the*
13 *Treasury to the Trust Fund, such amounts to be determined*
14 *on the basis of estimates by the Secretary of the Treasury of*
15 *the taxes, specified in the preceding sentence, paid to or de-*
16 *posited into the Treasury; and proper adjustments shall be*
17 *made in amounts subsequently transferred to the extent prior*
18 *estimates were in excess of or were less than taxes specified*
19 *in such sentence.*

20 “(b) *With respect to the Trust Fund, there is hereby*
21 *created a body to be known as the ‘Board of Trustees of the*
22 *Trust Fund’ (hereinafter in this section referred to as the*
23 *‘Board of Trustees’), composed of the Secretary of the*
24 *Treasury, the Secretary of Labor, and the Secretary of*
25 *Health, Education, and Welfare, all ex officio. The Secretary*

1 of the Treasury shall be the Managing Trustee of the Board of
2 Trustees (hereinafter in this section referred to as the 'Man-
3 aging Trustee'). The Commissioner of Social Security
4 shall serve as the Secretary of the Board of Trustees. The
5 Board of Trustees shall meet not less frequently than once
6 each calendar year. It shall be the duty of the Board of
7 Trustees to—

8 “(1) hold the Trust Fund;

9 “(2) report to the Congress not later than the first
10 day of April of each year on the operation and status of
11 the Trust Fund during the preceding fiscal year and on
12 its expected operation and status during the current fiscal
13 year and the next 2 fiscal years;

14 “(3) report immediately to the Congress whenever
15 the Board is of the opinion that the amount of the Trust
16 Fund is unduly small; and

17 “(4) review the general policies followed in manag-
18 ing the Trust Fund, and recommend changes in such
19 policies, including necessary changes in the provisions
20 of law which govern the way in which the Trust Fund
21 is to be managed.

22 The report provided for in paragraph (2) shall include a
23 statement of the assets of, and the disbursements made from,
24 the Trust Fund during the preceding fiscal year, an estimate
25 of the expected income to, and disbursements to be made

1 from, the Trust Fund during the current fiscal year and
2 each of the next 2 fiscal years, and a statement of the actu-
3 arial status of the Trust Fund. Such report shall be printed
4 as a House document of the session of the Congress to which
5 the report is made.

6 “(c) It shall be the duty of the Managing Trustee to
7 invest such portion of the Trust Fund as is not, in his judg-
8 ment, required to meet current withdrawals. Such investments
9 may be made only in interest-bearing obligations of the
10 United States or in obligations guaranteed as to both prin-
11 cipal and interest by the United States. For such purpose
12 such obligations may be acquired (1) on original issue at
13 the issue price, or (2) by purchase of outstanding obligations
14 at the market price. The purpose for which obligations of the
15 United States may be issued under the Second Liberty Bond
16 Act, as amended, are hereby extended to authorize the is-
17 suance at par of public-debt obligations for purchase by the
18 Trust Fund. Such obligations issued for purchase by the
19 Trust Fund shall have maturities fixed with due regard for
20 the needs of the Trust Fund and shall bear interest at a rate
21 equal to the average market yield (computed by the Managing
22 Trustee on the basis of market quotations as of the end of
23 the calendar month next preceding the date of such issue)
24 on all marketable interest-bearing obligations of the United
25 States then forming a part of the public debt which are not

1 *due or callable until after the expiration of 4 years from the*
2 *end of such calendar month; except that where such average*
3 *market yield is not a multiple of one-eighth of one per centum,*
4 *the rate of interest on such obligations shall be the multiple*
5 *of one-eighth of one per centum nearest such market yield.*
6 *The Managing Trustee may purchase other interest-bearing*
7 *obligations of the United States or obligations guaranteed as*
8 *to both principal and interest by the United States, on original*
9 *issue or at the market price, only where he determines that*
10 *the purchase of such other obligations is in the public*
11 *interest.*

12 “(d) *Any obligations acquired by the Trust Fund*
13 *(except public-debt obligations issued exclusively to the Trust*
14 *Fund) may be sold by the Managing Trustee at the market*
15 *price, and such public-debt obligations may be redeemed at*
16 *par plus accrued interest.*

17 “(e) *The interest on, and the proceeds from the sale or*
18 *redemption of, any obligations held in the Trust Fund shall*
19 *be credited to and from a part of the Trust Fund.*

20 “(f)(1) *The Managing Trustee is directed to pay from*
21 *time to time from the Trust Fund into the Treasury the*
22 *amount estimated by him as taxes imposed under section*
23 *3101(c) which are subject to refund under section 6413(c)*
24 *of the Internal Revenue Code of 1954 with respect to wages*

1 *paid after December 31, 1971. Such taxes shall be deter-*
2 *mined on the basis of the records of wages established and*
3 *maintained by the Secretary of Health, Education, and Wel-*
4 *fare in accordance with the wages reported to the Secretary*
5 *of the Treasury or his delegate pursuant to subtitle F of the*
6 *Internal Revenue Code of 1954, and the Secretary of Health,*
7 *Education, and Welfare shall furnish the Managing Trustee*
8 *such information as may be required by the Managing Trustee*
9 *for such purpose. The payments by the Managing Trustee*
10 *shall be covered into the Treasury as repayments to the*
11 *account for refunding internal revenue collections.*

12 “(2) *Repayments made under paragraph (1) shall not*
13 *be available for expenditures but shall be carried to the sur-*
14 *plus fund of the Treasury. If it subsequently appears that*
15 *the estimates under such paragraph in any particular period*
16 *were too high or too low, appropriate adjustments shall be*
17 *made by the Managing Trustee in future payments.*

18 “(g) *There shall be transferred periodically (but not*
19 *less often than once each fiscal year) to the Trust Fund from*
20 *the Federal Old-Age and Survivors Insurance Trust Fund*
21 *and from the Federal Disability Insurance Trust Fund*
22 *amounts equivalent to the amounts not previously so trans-*
23 *ferred which the Secretary of Health, Education, and Wel-*
24 *fare shall have certified as overpayments pursuant to sec-*

1 *tion 1870(b) of this Act as made applicable to this title by*
 2 *section 2006.*

3 “(h) *The Managing Trustee shall also pay from time*
 4 *to time from the Trust Fund such amounts as the Secre-*
 5 *tary of Health, Education, and Welfare certifies are neces-*
 6 *sary to make the payments provided for by this part, and*
 7 *the payments with respect to administrative expenses in ac-*
 8 *cordance with section 201(g)(1).*

9 “*APPROPRIATIONS FOR CONTINGENCY RESERVE*

10 “*SEC. 2009. In order to assure prompt payment of bene-*
 11 *fits provided under this title and the administrative expenses*
 12 *thereunder during the early months of the program estab-*
 13 *lished by this title, and to provide a contingency reserve,*
 14 *there is authorized to be appropriated, out of any moneys*
 15 *in the Treasury not otherwise appropriated, to remain avail-*
 16 *able for the 3 calendar years immediately following Decem-*
 17 *ber 31, 1971, for repayable advances (without interest)*
 18 *to the Trust Fund, an amount equal to one-half of the*
 19 *amount of benefits estimated to be paid under this title in each*
 20 *of such calendar years.*

21 “*PAYMENTS TO PREPAYMENT ORGANIZATIONS*

22 “*SEC. 2010. (a) In lieu of amounts which would other-*
 23 *wise be payable under this title, the Secretary is authorized*
 24 *to determine, by actuarial methods, with respect to any health*
 25 *maintenance organization, as defined in section 1876, or an*

1 organization eligible for payment under section 1833(a)
 2 (1)(A) a per capita rate of payment for services pro-
 3 vided to enrollees in such organization who are eligible for
 4 benefits under this title, provided such organization agrees to
 5 comply with the provisions of section 1876(g) with respect
 6 to such payments;

7 “(b) Such rate of payment shall be determined annually
 8 in accordance with the methods described in subsections 1876
 9 (a) (1) and (2) with appropriate actuarial adjustments to
 10 reflect utilization of services by such enrollees not furnished
 11 by such organization.”

12 (b) Section 201(g) of the Social Security Act is
 13 amended by—

14 (1) inserting after “title XVIII” the first time it
 15 appears the following: “and the Federal Catastrophic
 16 Health Insurance Trust Fund established by title XX”;

17 (2) inserting after “title XVIII” each time it ap-
 18 pears therein after the first time the following: “and
 19 title XX”.

20 (c)(1) Section 1401 of the Internal Revenue Code of
 21 1954 is amended by adding after subsection 1401(b) the
 22 following new subsection:

23 “(c) CATASTROPHIC HEALTH INSURANCE PROTEC-
 24 TION.—In addition to the tax imposed by the preceding sub-
 25 section, there shall be imposed for each taxable year, on

1 the self-employment income of every individual, a tax as
2 follows:

3 “(1) in the case of any taxable year beginning after
4 December 31, 1971, and before January 1, 1975, the
5 tax shall be equal to 0.30 percent of the amount of the
6 self-employment income for such taxable year;

7 “(2) in the case of any taxable year beginning after
8 December 31, 1974, and before January 1, 1980, the
9 tax shall be equal to 0.35 percent of the amount of the
10 self-employment income for such taxable year; and

11 “(3) in the case of any taxable year beginning
12 after December 31, 1979, the tax shall be equal to 0.40
13 percent of the amount of the self-employment income
14 for such taxable year.”

15 (2) Section 3101 of the Internal Revenue Code of 1954
16 is amended by adding after subsection 3101(b) the following
17 new subsection:

18 “(c) CATASTROPHIC HEALTH INSURANCE PROTEC-
19 TION.—In addition to the taxes imposed by the preceding
20 subsections, there is hereby imposed on the income of every
21 individual a tax equal to the following percentages of wages
22 (as defined in section 3121(a)) received by him with respect
23 to employment (as defined in section 3121(b))—

24 “(1) with respect to wages received during the

1 *calendar years 1972, 1973, and 1974, the rate shall be*
2 *0.30 percent;*

3 *“(2) with respect to wages received during the calen-*
4 *dar years 1975, 1976, 1977, 1978, and 1979, the rate*
5 *shall be 0.35 percent; and*

6 *“(3) with respect to wages received after December*
7 *31, 1979, the rate shall be 0.40 percent.”*

8 *(3) Section 3111 of the Internal Revenue Code of 1954*
9 *is amended by adding after subsection 3111(b) the follow-*
10 *ing new subsection:*

11 *“(c) CATASTROPHIC HEALTH INSURANCE PROTEC-*
12 *TION.—In addition to the taxes imposed by the preceding*
13 *subsections, there is hereby imposed on every employer an*
14 *excise tax, with respect to having individuals in his employ,*
15 *equal to the following percentages of the wages (as defined*
16 *in section 3321(a)) paid by him with respect to employ-*
17 *ment (as defined in section 3121(b))—*

18 *“(1) with respect to wages paid during the cal-*
19 *endar years 1972, 1973, and 1974, the rate shall be*
20 *0.30 percent;*

21 *“(2) with respect to wages paid during the calendar*
22 *years 1975, 1976, 1977, and 1979, the rate shall be*
23 *0.35 percent; and*

24 *“(3) with respect to wages paid after December 31,*
25 *1979, the rate shall be 0.40 percent.”*

TITLE V—PROVISIONS RELATING TO
WELFARE

GUARANTEED MINIMUM INCOME FOR RECIPIENTS OF OLD-

AGE ASSISTANCE, AID TO THE BLIND, AID TO THE

DISABLED, OR AID TO THE AGED, BLIND, OR DISABLED

SEC. 501. (a) Section 2(a)(10)(A) of the Social Secu-

rity Act is amended by inserting after the semicolon at the end

thereof “and except that, in the case of any State (other than

the Commonwealth of Puerto Rico, Guam, or the Virgin

Islands), the sum of the financial assistance provided to each

individual who is eligible under the plan (other than one who

is a patient in a medical institution or is receiving institutional

services in an intermediate care facility to which section 1121

applies), plus his income which is not disregarded pursuant

to clause (i) or (ii) and the reasonable value of shelter and

other needed items which are regularly provided to such indi-

vidual (to the extent they are provided without cost), shall not

be less than \$130 per month (or in the case of two or more

such eligible individuals who are, as determined in accordance

with regulations of the Secretary, members of the same house-

hold, \$130 per month plus \$70 per month for each of such

individuals in addition to one);

(b) Section 1002(a)(8) of such Act is amended by in-

serting before the semicolon at the end thereof “, and except

that, in the case of any State (other than the Commonwealth

1 of Puerto Rico, Guam, or the Virgin Islands), the sum of the
2 financial assistance provided to each individual who is eligible
3 under the plan (other than one who is a patient in a medical
4 institution or is receiving institutional services in an inter-
5 mediate care facility to which section 1121 applies), plus his
6 income which is not disregarded pursuant to clause (A), (B),
7 or (C) and the reasonable value of shelter and other needed
8 items which are regularly provided to such individual (to the
9 extent they are provided without cost), shall not be less than
10 \$130 per month (or in the case of two or more such eligible
11 individuals who are, as determined in accordance with regu-
12 lations of the Secretary, members of the same household, \$130
13 per month plus \$70 per month for each of such individuals in
14 addition to one); and”.

15 (c) Section 1402(a)(8) of such Act is amended by in-
16 serting before the semicolon at the end thereof “, and except
17 that, in the case of any State (other than the Commonwealth
18 of Puerto Rico, Guam, or the Virgin Islands), the sum of
19 the financial assistance provided to each individual who is
20 eligible under the plan (other than one who is a patient in a
21 medical institution or is receiving institutional services in an
22 intermediate care facility to which section 1121 applies),
23 plus his income which is not disregarded pursuant to clause
24 (A), (B), or (C) and the reasonable value of shelter and
25 other needed items which are regularly provided to such indi-

1 *vidual (to the extent they are provided without cost), shall*
 2 *not be less than \$130 per month (or in the case of two or*
 3 *more such eligible individuals who are, as determined in ac-*
 4 *cordance with regulations of the Secretary, members of the*
 5 *same household, \$130 per month plus \$70 per month for each*
 6 *of such individuals in addition to one); and”.*

7 *(d) Section 1602(a)(14) of such Act is amended by*
 8 *inserting after and below clause (D) the following:*

9 *“and except that, in the case of any State (other than the*
 10 *Commonwealth of Puerto Rico, Guam, or the Virgin Is-*
 11 *lands), the sum of the financial assistance provided to*
 12 *each individual who is eligible under the plan (other than*
 13 *one who is a patient in a medical institution or is receiv-*
 14 *ing institutional services in an intermediate care facility*
 15 *• to which section 1121 applies), plus his income which is*
 16 *not disregarded pursuant to clause (A), (B), (C), or*
 17 *(D) and the reasonable value of shelter and other needed*
 18 *items which are regularly provided to such individual (to*
 19 *the extent they are provided without cost), shall not be*
 20 *less than \$130 per month (or in the case of two or more*
 21 *such eligible individuals who are, as determined in ac-*
 22 *cordance with regulations of the Secretary, members of*
 23 *the same household, \$130 per month plus \$70 per month*
 24 *for each of such individuals in addition to one); and ”.*

25 *(e) The amendments made by the preceding subsections*

1 of this section shall apply with respect to expenditures under a
 2 State plan approved under title I, X, XIV, and XVI,
 3 respectively of the Social Security Act made for aid or assist-
 4 ance under such plan for periods after March 1971.

5 (f) Any individual with respect to whom old-age assist-
 6 ance, aid to the blind, aid to the disabled, or aid to the aged,
 7 blind, or disabled is paid under such a State plan shall not
 8 be eligible to participate in the food stamp program conducted
 9 under the Food Stamp Act of 1964 or the program conducted
 10 under section 416 of the Act of October 31, 1969, or any
 11 similar programs for distribution of surplus agricultural
 12 commodities effective April 1, 1971.

13 INCREASE IN STANDARD OF NEED FOR AGED, BLIND, AND
 14 DISABLED RECIPIENTS

15 SEC. 502. Title XI of the Social Security Act is
 16 amended by adding after section 1125 (as added by section
 17 266 of this Act) and before section 1151 (as added by sec-
 18 tion 245 of this Act) the following new section:

19 "INCREASING STANDARD OF NEED UNDER ASSISTANCE
 20 PROGRAMS

21 "SEC. 1126. In addition to the requirements imposed
 22 by law as a condition of approval of a State plan of any
 23 State (other than the Commonwealth of Puerto Rico, Guam,
 24 or the Virgin Islands) to provide aid or assistance to indi-
 25 viduals under title I, X, XIV, or XVI of the Social Security
 26 Act, there is hereby imposed the requirement (and the plan

1 shall be deemed to require) that, in the case of an individual
 2 found eligible (as a result of the requirement imposed by
 3 this section or otherwise), for aid or assistance for any month
 4 after March 1971—

5 “(1) the total of the amounts used to determine the
 6 needs of such individual shall be at least \$10 higher than
 7 the total thereof which would have been used to deter-
 8 mine needs of such individual under the State plan as in
 9 effect for March 1971, or

10 “(2) in the case of two or more such individuals
 11 who are, as determined in accordance with regulations
 12 of the Secretary, members of the same household, the
 13 sum of such totals used for such month after March
 14 1971 shall exceed such total for March 1971 by the sum
 15 of \$10 plus \$5 for each such individual in excess of one
 16 except that, in the case of any such State plan which
 17 provides for meeting a fixed percentage of unmet needs as so
 18 determined, the Secretary shall prescribe the method or
 19 methods for achieving as much as possible the results pro-
 20 vided for under the preceding provisions of this section.”

21 **UNIFORM DEFINITIONS OF DISABILITY UNDER TITLES**

22 **XIV AND XVI**

23 **SEC. 503.** (a)(1) Title XIV of the Social Security Act
 24 is amended by striking out the term “permanently and
 25 totally disabled” wherever it appears in such title and insert-
 26 ing in lieu thereof “disabled”.

1 (2) *Section 1405 of such Act is amended by—*

2 (A) *striking out, in the caption, “Definition”, and*
3 *inserting “Definitions”;*

4 (B) *striking out “Sec. 1405.” and inserting “Sec.*
5 *1405. (a)”;* and

6 (C) *inserting after such subsection (a) the follow-*
7 *ing new subsection:*

8 “(b) *For purposes of this title an individual is ‘dis-*
9 *abled’ only if he is under a disability. The term ‘disability’*
10 *means inability to engage in any substantial gainful activity*
11 *by reason of any medically determinable physical or mental*
12 *impairment which can be expected to result in death or which*
13 *has lasted or can be expected to last for a continuous period*
14 *of not less than 12 months. An individual shall be determined*
15 *to be under a disability only if his physical or mental impair-*
16 *ment or impairments are of such severity that he is not only*
17 *unable to do his previous work but cannot, considering his*
18 *age, education, and work experience, engage in any other*
19 *kind of substantial gainful work exists in the national econ-*
20 *omy, regardless of whether such work exists in the immediate*
21 *area in which he lives, or whether a specific job vacancy*
22 *exists for him, or whether he would be hired if he applied*
23 *for work. For purposes of the preceding sentence (with re-*
24 *spect to any individual), ‘work which exists in the national*
25 *economy’ means work which exists in significant numbers*

1 *either in the region where such individual lives or in several*
2 *regions of the country.”*

3 *(b)(1) Title XVI of such Act is amended by striking*
4 *out the term “permanently and totally disabled” wherever*
5 *it appears in such title and inserting in lieu thereof “dis-*
6 *abled”.*

7 *(2) Section 1605 of such Act is amended by adding at*
8 *the end thereof the following new subsection:*

9 *“(c) For purposes of this title an individual is ‘dis-*
10 *abled’ only if he is under a disability. The term ‘disability’*
11 *means inability to engage in any substantial gainful activity*
12 *by reason of any medically determinable physical or mental*
13 *impairment which can be expected to result in death or which*
14 *has lasted or can be expected to last for a continuous period*
15 *of not less than 12 months. An individual shall be determined*
16 *to be under a disability only if his physical or mental impair-*
17 *ment or impairments are of such severity that he is not only*
18 *unable to do his previous work but cannot, considering his*
19 *age, education, and work experience, engage in any other*
20 *kind of substantial gainful work exists in the national econ-*
21 *omy, regardless of whether such work exists in the immediate*
22 *area in which he lives, or whether a specific job vacancy*
23 *exists for him, or whether he would be hired if he applied*
24 *for work. For purposes of the preceding sentence (with re-*
25 *spect to any individual), ‘work which exists in the national*

1 *economy' means work which exists in significant numbers*
2 *either in the region where such individual lives or in several*
3 *regions of the country."*

4 *(c)(1) No State plan for aid to the disabled shall be*
5 *regarded as having failed to comply with the requirements of*
6 *title XIV of the Social Security Act by reason of the fact that*
7 *such plan provides aid to individuals who do not meet the*
8 *definition of "disabled" (as contained in section 1405(b) of*
9 *such Act) if such individuals are individuals who—*

10 *(A) were receiving aid under such plan for the*
11 *month before the month in which the term "disabled" (as*
12 *contained in such section 1405(b)) is first put into effect*
13 *in the administration of such plan; and*

14 *(B) would be regarded as disabled, for purposes of*
15 *the administration of such plan, if the term "disabled"*
16 *(as contained in such section 1405(b)) had not been put*
17 *into effect in the administration of such plan.*

18 *(2) No State plan for aid to the aged, blind, or disabled*
19 *shall be regarded as having failed to comply with the require-*
20 *ments of title XVI of the Social Security Act by reason of*
21 *the fact that such plan provides aid to individuals who do not*
22 *meet the definition of "disabled" (as contained in section 1605*
23 *(c) of such Act) if such individuals are individuals who—*

24 *(A) were receiving aid under such plan for the*
25 *month before the month in which the term "disabled" (as*

1 *contained in such section 1605(c)) is first put into effect*
 2 *in the administration of such plan; and*

3 *(B) would be regarded as disabled, for purposes of*
 4 *the administration of such plan, if the term "disabled" (as*
 5 *contained in such section 1605(c)) had not been put*
 6 *into effect in the administration of such plan.*

7 *(d)(1) Sections 1121(a), 1901, 1902(a)(17)(D),*
 8 *and 1902(a)(18) of the Social Security Act are amended*
 9 *by striking out "permanently and totally disabled" wherever*
 10 *it appears and inserting in lieu thereof "disabled".*

11 *(2) Section 1905(a)(v) of such Act is amended by*
 12 *striking out "permanently and totally disabled" and inserting*
 13 *in lieu thereof "disabled (as defined in section 1405(b))".*

14 *(e) The amendments made by this section shall take*
 15 *effect April 1, 1971.*

16 **UNIFORM DEFINITIONS OF BLINDNESS UNDER TITLES**

17 **X AND XVI**

18 *SEC. 504. (a) Section 1006 of the Social Security Act*
 19 *is amended (1) by inserting "(a)" immediately after "SEC.*
 20 *1006.", and (2) by adding at the end thereof the follow-*
 21 *ing new subsection:*

22 *"(b)(1) For purposes of this title, an individual shall*
 23 *be considered to be blind only if he suffers from blindness*
 24 *(as defined in paragraph (2)).*

25 *"(2) The term 'blindness' means central visual acuity*

1 of 20/200 or less in the better eye, with the use of correcting
2 lens. An eye which is accompanied by a limitation in the
3 fields of vision such that the widest diameter of the visual
4 field subtends an angle no greater than 20 degrees shall be
5 considered for purposes of this paragraph as having a central
6 visual acuity of 20/200 or less."

7 (b) Section 1605 of such Act (as amended by section
8 503(b) of this Act) is further amended by adding at the
9 end thereof the following new subsection:

10 "(d)(1) For purposes of this title, an individual shall
11 be considered to be blind only if he suffers from blindness
12 (as defined in paragraph (2)).

13 "(2) The term 'blindness' means central visual acuity of
14 20/200 or less in the better eye, with the use of correcting
15 lens. An eye which is accompanied by a limitation in the
16 fields of vision such that the widest diameter of the visual
17 field subtends an angle no greater than 20 degrees shall be
18 considered for purposes of this paragraph as having a central
19 visual acuity of 20/200 or less."

20 (c)(1) No State plan for aid to the blind shall be re-
21 garded as having failed to comply with the requirements of
22 title X of the Social Security Act by reason of the fact that
23 such plan provides aid to individuals who do not meet the
24 definition of blindness (as contained in section 1006(b) of
25 such Act) if such individuals are individuals who—

1 (A) were receiving aid under such plan for the
2 month before the month in which the term blindness (as
3 contained in such section 1006(b)) is first put into effect
4 in the administration of such plan; and

5 (B) would be regarded as blind, for purposes of the
6 administration of such plan, if the term blindness (as
7 contained in such section 1006(b)) had not been put
8 into effect in the administration of such plan.

9 (2) No State plan for aid to the aged, blind, or disabled
10 shall be regarded as having failed to comply with the require-
11 ments of title XVI of the Social Security Act by reason of
12 the fact that such plan provides aid to individuals who do
13 not meet the definition of blindness (as contained in section
14 1605(d) of such Act) if such individuals are individuals
15 who—

16 (A) were receiving aid under such plan for the
17 month before the month in which the term blindness (as
18 contained in such section 1605(d)) is first put into effect
19 in the administration of such plan; and

20 (B) would be regarded as blind, for purposes of the
21 administration of such plan, if the term blindness (as
22 contained in such section 1605(d)) had not been put into
23 effect in the administration of such plan.

24 (d) The amendments made by this section shall take effect

25 April 1, 1971.

1 *PROHIBITION AGAINST IMPOSING LIENS ON PROPERTY*
2 *OF THE BLIND*

3 *SEC. 505. (a) Section 1002(a) of the Social Security*
4 *Act is amended by striking out "and" at the end of clause*
5 *(12), and by inserting before the period at the end thereof*
6 *the following: "; and (14) provide that no individual claim-*
7 *ing aid to the blind shall be required as a condition of such*
8 *aid to subject any property to a lien or to transfer to the*
9 *State or to any of its political subdivisions title to or any*
10 *interest in any property, and that no person shall be required*
11 *to reimburse the State or any of its political subdivisions for*
12 *any aid lawfully received by a blind individual under the*
13 *State plan."*

14 *(b) Section 1602(a) of the Social Security Act is*
15 *amended by striking out "and" at the end of paragraph*
16 *(16), by striking out the period at the end of paragraph*
17 *(17) and inserting in lieu thereof "; and", and by adding*
18 *immediately after paragraph (17) the following new*
19 *paragraph:*

20 *"(18) provide that no blind individual claiming aid*
21 *or assistance under the plan shall be required as a con-*
22 *dition thereof to subject any property to a lien or to*
23 *transfer to the State or to any of its political subdivi-*
24 *sions title to or any interest in any property, and that no*

1 *person shall be required to reimburse the State or any of*
 2 *its political subdivisions for any aid or assistance law-*
 3 *fully received by a blind individual under the State*
 4 *plan.”*

5 *(c) The amendments made by this section shall be effec-*
 6 *tive April 1, 1971.*

7 *FISCAL RELIEF FOR STATES*

8 *SEC. 506. Title XI of the Social Security Act is*
 9 *amended by adding after section 1126 (as added by section*
 10 *502 of this Act) the following new section:*

11 *“FISCAL RELIEF FOR STATES*

12 *“SEC. 1127. (a) The Secretary shall pay to any State*
 13 *(other than the Commonwealth of Puerto Rico, Guam, or*
 14 *the Virgin Islands) which has a State plan approved under*
 15 *title I, X, XIV, or XVI of the Social Security Act, for each*
 16 *quarter beginning after March 1971, in addition to the*
 17 *amounts otherwise payable to such State under such title, an*
 18 *amount equal to the excess if any of—*

19 *“(1) the non-Federal share of (A) the expendi-*
 20 *tures, under the State plan approved under such title, as*
 21 *cash assistance which would be made under such plan*
 22 *as in effect for December 1970, and (B) so much of the*
 23 *rest of such expenditures made under such plan as are*
 24 *required (as determined by the Secretary) by reason of*

1 the amendments made by the Social Security Amend-
2 ments of 1970, over

3 “(2) 90 per centum of the non-Federal share of the
4 total average quarterly expenditures, under such plan, as
5 cash assistance during the 4-quarter period ending
6 December 31, 1970.

7 “(b) For purposes of subsection (a), the non-Federal
8 share of expenditures for any quarter under a State plan
9 approved under title I, X, XIV, or XVI of the Social
10 Security Act as cash assistance, referred to in subsection
11 (a) (1), means the difference between (A) the total expendi-
12 tures for such quarter under such plan as, respectively, old-
13 age assistance, aid to the blind, aid to the disabled, and aid
14 to the aged, blind, or disabled, and (B) the amounts deter-
15 mined for such quarter for such State with respect to such
16 expenditures under, respectively, sections 3, 1003, 1403, and
17 1603 of such Act and (in the case of the plan approved
18 under title I or X) under section 9 of the Act of April 19,
19 1950.”.

20 FEDERAL CHILD CARE CORPORATION

21 SEC. 510. (a) This section may be cited as the “Federal
22 Child Care Corporation Act”.

23 (b) The Social Security Act is amended by adding after
24 title XX the following new title:

1 “TITLE XXI—FEDERAL CHILD CARE

2 CORPORATION

3 “FINDINGS AND DECLARATION OF PURPOSE

4 “SEC. 2101. (a) *The Congress finds and declares that—*

5 “*(1) the present lack of adequate child care serv-*
6 *ices is detrimental to the welfare of families and children*
7 *in that it limits opportunities of parents for employment*
8 *or self-improvement, and often results in inadequate care*
9 *arrangements for children whose parents are unable to*
10 *find appropriate care for them;*

11 “*(2) low income families and dependent families*
12 *are severely handicapped in their efforts to attain or*
13 *maintain economic independence by the unavailability*
14 *of adequate child care services;*

15 “*(3) many other families, especially those in which*
16 *the mother is employed, have need for child care serv-*
17 *ices, either on a regular basis or from time to time; and*

18 “*(4) there is presently no agency or organization,*
19 *public or private, which can assume the responsibility*
20 *of meeting the Nation's needs for adequate child care*
21 *services.*

22 “*(b) It is therefore the purpose of this title to promote*
23 *the availability of adequate child care services throughout*
24 *the Nation by providing for the establishment of a Federal*

1 *Child Care Corporation which shall have the responsibility*
2 *and authority to meet the Nation's needs for adequate child*
3 *care services, and which, in meeting such needs, will give*
4 *special consideration to the needs for such services by fami-*
5 *lies in which the mother is employed or preparing for em-*
6 *ployment, and will promote the well-being of all children by*
7 *assuring that the child care services provided will be appro-*
8 *priate to the particular needs of the individuals receiving*
9 *such services.*

10 *"ESTABLISHMENT AND ORGANIZATION OF CORPORATION*

11 *"SEC. 2102. (a) In order to carry out the purposes of*
12 *this title, there is hereby created a body corporate to be*
13 *known as the Federal Child Care Corporation (hereinafter*
14 *in this title referred to as the 'Corporation').*

15 *"(b)(1) The powers and duties of the Corporation*
16 *shall be vested in a Board of Directors (hereinafter in this*
17 *title referred to as the 'Board').*

18 *"(2) The Board shall consist of three members, to be*
19 *appointed by the President, by and with the advice and con-*
20 *sent of the Senate. One member of the Board shall, at the*
21 *time of his appointment, be designated by the President as*
22 *Chairman of the Board.*

23 *"(3) Not more than two members of the Board shall be*
24 *members of the same political party.*

25 *"(4) Each member of the Board shall hold office for a*

1 term of three years, except that any member appointed to fill
2 a vacancy which occurs prior to the expiration of the term
3 for which his predecessor was appointed shall be appointed
4 for the remainder of such term, and except that the terms of
5 office of the members first taking office shall expire, as des-
6 ignated by the President at the time of appointment, one on
7 June 30, 1972, one on June 30, 1973, and one on June 30,
8 1974.

9 “(c) Vacancies in the Board shall not impair the powers
10 of the remaining members of the Board to exercise the powers
11 vested in, and carry out the duties imposed upon the Cor-
12 poration.

13 “(d) Each member of the Board shall, during his tenure
14 in office, devote himself to the work of the Corporation and
15 shall not during such tenure, engage in any other business
16 or employment.

17 “(e) (1) The Board shall have the power to appoint
18 (in accordance with the provisions of title 5, United States
19 Code, governing appointments in the competitive service)
20 and fix the compensation (in accordance with the provisions
21 of chapter 51 and subchapter III of chapter 53 of such title,
22 relating to classification and General Schedule pay rates)
23 such personnel as it deems necessary to enable the Corpora-
24 tion to carry out its functions under this title.

25 “(2) The Board is authorized to obtain the services of

1 *experts and consultants on a temporary or intermittent basis*
2 *in accordance with the provisions of section 3109 of title*
3 *5, United States Code, but at rates for individuals not to*
4 *exceed the per diem equivalent of the rate authorized for*
5 *GS-18 by section 5332 of such title.*

6 "DUTIES OF CORPORATION

7 "SEC. 2103. (a) *It shall be the duty and function of the*
8 *Corporation to meet, to the maximum extent economically*
9 *feasible, the needs of the Nation for child care services.*

10 "(b) (1) *In carrying out such duty and function, the*
11 *Corporation shall, through utilization of existing facilities for*
12 *child care and otherwise, provide (or arrange for the provi-*
13 *sion of) child care services in the various communities of*
14 *each State. Such child care services shall include the various*
15 *types of care included in the term 'child care services' (as*
16 *defined in section 2118(b)) to the extent that the needs of*
17 *the various communities may require.*

18 "(2) *The Corporation shall charge and collect a reason-*
19 *able fee for the child care services provided by it (whether*
20 *directly or through arrangements with others). The fee so*
21 *charged for any particular type of child care services pro-*
22 *vided in any facility shall be uniform for all children receiving*
23 *such types of services in such facility. Any such fee so*
24 *charged may be paid in whole or in part by any person*

1 (including any public agency) which agrees to pay such
2 fee or a part thereof.

3 “(3) The Corporation shall not enter into any arrange-
4 ment with any person under which the facilities or services
5 of such person will be utilized by the Corporation to provide
6 child care services unless such person agrees to accept pay-
7 ment of all or any part of the fee imposed for such services
8 from any public agency which shall agree to pay such fee
9 or a part thereof from Federal funds.

10 “(c) In providing child care services in the various
11 communities of the Nation, the Corporation shall accord first
12 priority to the needs for child care services of families on
13 behalf of whom child care services will be paid in whole or in
14 part from funds appropriated to carry out title IV and who
15 are in need of such services to enable a member thereof to
16 accept or continue in employment or participate in training
17 to prepare such member for employment.

18 “STANDARDS FOR CHILD CARE

19 “SEC. 2104. (a) The Corporation shall not provide or
20 arrange for the provision of child care of any type or in any
21 facility unless the applicable requirements set forth in the
22 succeeding provisions of this section are met with respect to
23 such care and the facility in which such care is offered.

24 “(b) (1) The ratio of the number of children receiving

1 *child care to the number of qualified staff members providing*
 2 *such care shall not normally be greater than—*

3 “(A) *eight to one, in case such care is provided in*
 4 *a home child care facility; or*

5 “(B) *ten to one, in case such care is provided in a*
 6 *day nursery facility, nursery school, child development*
 7 *center, play group facility, or preschool child care center.*

8 “(2) *In the case of any facility (other than a facility*
 9 *to which paragraph (1) is applicable) the ratio of the num-*
 10 *ber of children receiving child care therein to the number*
 11 *of qualified staff members providing such care shall not be*
 12 *greater than such ratio as the Board may determine to be ap-*
 13 *propriate to the type of child care provided and the age of*
 14 *the children involved, except that such ratio shall not be*
 15 *greater than twenty-five to one.*

16 “(3) *As used in this subsection, the term ‘qualified staff*
 17 *member’ means an individual who has received training in,*
 18 *or demonstrated ability in, the care of children.*

19 “(c) (1) *Any facility in which the Corporation provides*
 20 *child care (whether directly or through arrangements with*
 21 *others) must—*

22 “(A) *meet such provisions of the Life Safety Code*
 23 *of the National Fire Protection Association (twenty-first*
 24 *edition, 1967) as are applicable to the type of facility;*
 25 *except that the Corporation may waive for such*

1 *periods as it deems appropriate, specific provisions of*
2 *such code which, if rigidly applied, would result in un-*
3 *reasonable hardship upon the facility, but only if the Cor-*
4 *poration makes a determination (and keeps a written*
5 *record setting forth the basis of such determination) that*
6 *such waiver will not adversely affect the health and*
7 *safety of the children receiving care in such facility;*

8 *“(B) contain (or have available to it for use) ade-*
9 *quate indoor and outdoor space for children for the num-*
10 *ber and ages of the children served by such facility; and*
11 *must have separate rooms or areas for cooking, toilets,*
12 *and other purposes;*

13 *“(C) have floors and walls of a type which can be*
14 *thoroughly cleaned and maintained and which contain or*
15 *are covered with no substance which is hazardous to the*
16 *health or clothing of children;*

17 *“(D) have such ventilation and temperature con-*
18 *trol facilities as may be necessary to assure the safety*
19 *and comfort of each child receiving care therein;*

20 *“(E) provide safe and comfortable facilities for*
21 *naps for young children receiving care therein;*

22 *“(F) provide special accommodations, for children*
23 *who become ill, which are designed to provide rest and*
24 *quiet for ill children while protecting other children from*
25 *the risk of infection or contagion; and*

1 “(G) make available to children receiving care
2 therein such toys, games, books, equipment, and other
3 material as are appropriate to the type of facility in-
4 volved and the ages of the children receiving care
5 therein.

6 “(2) The Board, in determining whether any particu-
7 lar facility meets minimum requirements imposed by para-
8 graph (1) of this subsection, shall evaluate such facility
9 separately and shall make a determination with respect to
10 such facility after taking into account the location and type
11 of care provided by such facility as well as the age group
12 served by it.

13 “(d) The Corporation shall not provide (directly or
14 through arrangements with other persons) child care in a
15 child care facility or home child care facility unless—

16 “(1) such facility requires that, in order to receive
17 child care provided by such facility, a child must have
18 been determined by a physician (after a physical ex-
19 amination) to be in good health and must have been
20 immunized against such diseases and within such prior
21 period as the Board may prescribe in order adequately
22 to protect the children receiving care in such facility
23 from communicable disease (except that no child seeking
24 to enter or receiving care in such a facility shall be re-
25 quired to undergo any medical examination, immuniza-

tion, or physical evaluation or treatment) (except to the extent necessary to protect the public from epidemics of contagious diseases) (if his parent or guardian objects thereto in writing on religious grounds);

“(2) such facility provides for the daily evaluation of each child receiving care therein for indications of illness;

“(3) such facility provides adequate and nutritious (though not necessarily hot) meals and snacks, which are prepared in a safe and sanitary manner;

“(4) such facility has in effect procedures designed to assure that each staff member thereof is fully advised of the hazards to children of infection and accidents and is instructed with respect to measures designed to avoid or reduce the incidence or severity of such hazards;

“(5) such facility has in effect procedures under which the staff members of such facility (including voluntary and part-time staff members) are required to undergo periodic assessments of their physical and mental competence to provide child care (except, that any rules or regulations involving medical examination, immunization, or physical evaluation of staff members of such facility shall include appropriate exemptions, with due consideration to the protection of the public from

1 *epidemics of contagious diseases, for those who object*
2 *thereto on religious grounds*);

3 “(6) such facility keeps and maintains adequate
4 health records on each child receiving care in such fa-
5 cility and on each staff member (including any volun-
6 tary or part-time staff member) of such facility who has
7 contact with children receiving care in such facility;
8 and

9 “(7) such facility has in effect, for the children re-
10 ceiving child care services provided by such facility, a
11 program under which emergency medical care or first
12 aid will be provided to any such child who sustains in-
13 jury or becomes ill while receiving such services from
14 such facility, the parent of such child (or other proper
15 person) will be promptly notified of such injury or ill-
16 ness, and other children receiving such services in such
17 facility will be adequately protected from contagious
18 disease.

19 "PHYSICAL STRUCTURE AND LOCATION OF CHILD CARE
20 FACILITIES

21 “SEC. 2105. (a) There may be utilized, to provide child
22 care authorized by this title, new buildings especially con-
23 structed as child care facilities, as well as existing buildings
24 which are appropriate for such purpose (including, but not

1 *limited to, schools, churches, social centers, apartment*
 2 *houses, public housing units, office buildings, and factories).*

3 “(b) *The Board, in selecting the location of any facility*
 4 *to provide child care under this title, shall, to the maximum*
 5 *extent feasible, approve only a site which—*

6 “(1) *is conveniently accessible to the children to be*
 7 *served by such facility, in terms of distance from the*
 8 *homes of such children as well as the length of travel*
 9 *time (on the part of such children and their parents)*
 10 *involved;*

11 “(2) *is sufficiently accessible from the place of em-*
 12 *ployment of the parents of such children so as to enable*
 13 *such parents to participate in such programs, if any, as*
 14 *are offered to parents by such facility; and*

15 “(3) *is conveniently accessible to other facilities,*
 16 *programs, or resources which are related to, or bene-*
 17 *ficial in, the development of the children of the age*
 18 *group served by such facility.*

19 “**EXCLUSIVENESS OF FEDERAL STANDARDS**

20 “**SEC. 2106.** *Any facility in which child care services*
 21 *are provided by the Corporation (whether directly or*
 22 *through arrangements with other persons) shall not be*
 23 *subject to any licensing or similar requirements imposed by*
 24 *any State (or political subdivision thereof), and shall not*

1 *be subject to any health, fire, safety, sanitary, or other re-*
2 *quirements imposed by any State (or political subdivision*
3 *thereof) with respect to facilities providing child care.*

4 "GENERAL POWERS OF CORPORATION

5 "SEC. 2107. (a) *The Corporation shall have power—*

6 " (1) *to adopt, alter, and use a corporate seal, which*
7 *shall be judicially noticed;*

8 " (2) *to adopt, amend, and repeal bylaws designed*
9 *to enable it to carry out the duties and functions im-*
10 *posed on it by this title;*

11 " (3) *in its corporate name, to sue and be sued,*
12 *and to complain and to defend, in any court of com-*
13 *petent jurisdiction (State or Federal), but no attach-*
14 *ment, injunction, or similar process, mesne or final, shall*
15 *be issued against the property of the Corporation or*
16 *against the Corporation with respect to its property;*

17 " (4) *to conduct its business in any State of the*
18 *United States and in the District of Columbia, the*
19 *Commonwealth of Puerto Rico, the Virgin Islands, and*
20 *Guam;*

21 " (5) *to enter into and perform contracts, leases,*
22 *cooperative agreements, or other transactions, on such*
23 *terms as it may deem appropriate, with (i) any agency*
24 *or instrumentality of the United States, (ii) any State,*
25 *the District of Columbia, the Commonwealth of Puerto*

1 *Rico, the Virgin Islands, or Guam (for any agency,*
2 *instrumentality, or political subdivision thereof), or (iii)*
3 *any person or agency;*

4 *(6) to execute, in accordance with its bylaws, all*
5 *instruments necessary or appropriate to the exercise*
6 *of its powers;*

7 *“(7) to acquire (by purchase, gift, devise, lease,*
8 *or sublease), and to accept jurisdiction over and to hold*
9 *and own, and dispose of by sale, lease, or sublease, real*
10 *or personal property, including but not limited to a*
11 *facility for child care, or any interest therein for its*
12 *corporate purposes;*

13 *“(8) to accept gifts or donations of services, or*
14 *of property (whether real, personal, or mixed or*
15 *whether tangible or intangible), in aid of any of the*
16 *purposes of this title;*

17 *“(9) to operate, manage, superintend, and control*
18 *any facility for child care under its jurisdiction and*
19 *to repair, maintain, and otherwise keep up any such*
20 *facility; and to establish and collect fees, rentals, or*
21 *other charges for the use of such facility or the receipt*
22 *of child care services provided therein;*

23 *“(10) to provide child care services for the pub-*
24 *lic directly or by agreement or lease with any person,*
25 *agency, or organization, through and in the facilities*

1 for child care of the Corporation and to make rules and
2 regulations concerning the handling of referrals and
3 applications for the admission of children to receive such
4 services; and to establish and collect fees and other
5 charges, including reimbursement allowances, for the
6 provision of child care services;

7 “(11) to provide advice and technical assistance
8 to persons desiring to enter into an arrangement with
9 the Corporation for the provision of child care services
10 to assist them in developing their capabilities to pro-
11 vide such services under such an arrangement;

12 “(12) to prepare, or cause to be prepared, plans,
13 specifications, designs, and estimates of costs for the
14 construction and equipment of facilities for child care
15 services in which the Corporation provides child care
16 directly;

17 “(13) to construct and equip, or by contract cause
18 to be constructed and equipped, facilities (other than
19 home child care facilities) for child care services;

20 “(14) to invest any funds held in reserves or sink-
21 ing funds, or any funds not required for immediate use
22 or disbursement, at the discretion of the Board, in obliga-
23 tions of the United States or obligations the principal
24 and interest on which are guaranteed by the United
25 States;

26 “(15) to procure insurance, or obtain indemnifica-

tion, against any loss in connection with the assets of the Corporation or any liability in connection with the activities of the Corporation, such insurance or indemnification to be procured or obtained in such amounts, and from such sources, as the Board deems to be appropriate;

“(16) to cooperate with any organization, public or private, the objectives of which are similar to the purposes of this title; and

“(17) to do any and all things necessary, convenient, or desirable to carry out the purposes of this title, and for the exercise of the powers conferred upon the Corporation in this title.

“(b) Funds of the Corporation shall not be invested in any obligation or security other than obligations of the United States or obligations the principal and interest on which are guaranteed by the United States; and any obligations or securities (other than obligations of the United States or obligations the principal and interest on which are guaranteed by the United States) acquired by the Corporation by way of gift or otherwise shall be sold at the earliest practicable date after they are so acquired.

“REVOLVING FUND

“SEC. 2108. (a) There is hereby established in the Treasury a revolving fund to be known as the ‘Federal Child

1 *Care Corporation Fund*” (hereinafter in this title referred to
2 as the ‘fund’), which shall be available to the Corporation
3 without fiscal year limitation to carry out the purposes, func-
4 tions, and powers of the Corporation under this title.

5 “(b) There shall be deposited in the fund—

6 “(1) funds loaned to the Corporation by the Treas-
7 ury pursuant to subsection (d); and

8 “(2) the proceeds of all fees, rentals, charges, inter-
9 est, or other receipts (including gifts) received by the
10 Corporation.

11 “(c) Except for expenditures from the Federal child
12 care corporation capital fund (established by section 2109
13 (d)) and expenditures from appropriated funds, all expenses
14 of the Corporation (including salaries and other personnel
15 expenses) shall be paid from the fund.

16 “(d) The Secretary of the Treasury shall, from time to
17 time, in accordance with requests submitted to him by the
18 Board, deposit, as a loan to the Corporation, in the fund such
19 amounts (the aggregate of which shall not exceed \$50,000,-
20 000). Beginning with the fiscal year ending June 30,
21 1975, the principal on such loan shall be repaid by the Cor-
22 poration in annual installments of \$2,000,000. The Cor-
23 poration shall pay interest on any moneys so deposited in the
24 fund for periods, during any fiscal year, that such moneys
25 have been in such fund. Interest on such moneys for any

1 *fiscal year shall be paid on July 1 following the close of such*
2 *fiscal year and shall be paid at a rate equal to the average*
3 *rate of interest paid by the Treasury on long-term obligations*
4 *during such fiscal year.*

5 “(e) *If the Corporation determines that the moneys in*
6 *the fund are in excess of current needs, it may invest such*
7 *amounts therefrom as it deems advisable in obligations of the*
8 *United States or obligations the payment of principal and*
9 *interest of which is guaranteed by the United States.*

10 “REVENUE BONDS OF CORPORATION

11 “SEC. 2109. (a) *The Corporation is authorized (after*
12 *consultation with the Secretary of the Treasury) to issue and*
13 *sell bonds, notes, and other evidences of indebtedness (here-*
14 *inafter in this section collectively referred to as ‘bonds’)*
15 *whenever the Board determines that the proceeds of such*
16 *bonds are necessary, together with other moneys available*
17 *to the Corporation from the Federal Child Care Corporation*
18 *Fund, to provide funds sufficient to enable the Corporation to*
19 *carry out its purposes and functions under this title with*
20 *respect to the acquisition, planning, construction, remodeling,*
21 *or renovation of facilities for child care or sites for such facili-*
22 *ties; except that (1) no such bonds shall be sold prior to*
23 *July 1, 1973, (2) not more than \$50,000,000 of such bonds*
24 *shall be issued and sold during any fiscal year, and (3) the*

1 *outstanding balance of all bonds so issued and sold shall not at*
2 *any one time exceed \$250,000,000.*

3 “(b) *Any such bonds may be secured by assets of the*
4 *Corporation, including, but not limited to, fees, rentals, or*
5 *other charges which the Corporation receives for the use of*
6 *any facility for child care which the Corporation owns or in*
7 *which the Corporation has an interest. Any such bonds are*
8 *not, and shall not for any purpose be regarded as, obligations*
9 *of the United States.*

10 “(c) *Any such bonds shall bear such rate of interest,*
11 *have such dates of maturity, be in such denominations, be in*
12 *such form, carry such registration privileges, be executed in*
13 *such manner, be payable on such terms, conditions and at*
14 *such place or places, and be subject to such other terms and*
15 *conditions, as the Board may prescribe.*

16 “(d)(1) *There is hereby established in the Treasury*
17 *a fund to be known as the ‘Federal Child Care Corporation*
18 *Capital Fund’ (hereinafter in this title referred to as the*
19 *‘Capital Fund’), which shall be available to the Corporation*
20 *without fiscal year limitation to carry out the purposes and*
21 *functions of the Corporation with respect to the acquisition,*
22 *planning, construction, remodeling, renovation, or initial*
23 *equipping of facilities for child care services, or sites for*
24 *such facilities.*

25 “(2) *The proceeds of any bonds issued and sold pur-*

1 suant to this section shall be deposited in the Capital Fund
2 and shall be available only for the purposes and functions
3 referred to in paragraph (1) of this subsection.

4 "CORPORATE OFFICES

5 "SEC. 2110. (a) The principal office of the Corpora-
6 tion shall be in the District of Columbia. For purposes of
7 venue in civil actions, the Corporation shall be deemed to
8 be a resident of the District of Columbia.

9 "(b) The Corporation shall establish offices in such
10 areas as it deems necessary to carry out its duties as set forth
11 in section 2103.

12 "TAXATION

13 "SEC. 2111. The Corporation, its property, assets, and
14 income shall be exempt from taxation in any manner or
15 form by the United States, a State (or political subdivision
16 thereof).

17 "REPORTS TO CONGRESS

18 "SEC. 2112. The Corporation shall not later than Janu-
19 ary 30 following the close of the second session of each Con-
20 gress (commencing with January 30, 1973), submit to
21 the Congress a written report on its activities during the
22 period ending with the close of the session of Congress last
23 preceding the submission of the report and beginning, in the
24 case of the first such report so submitted, with the date of
25 enactment of this title, and in the case of any such report

1 thereafter, with the day after the last day covered by the
2 last preceding report so submitted. As a separate part of any
3 such report, there shall be included such data and informa-
4 tion as may be required fully to apprise the Congress of the
5 actions which the Corporation has taken to improve the
6 quality of child care services, together with a statement
7 regarding the future plans (if any) of the Corporation to
8 improve the quality of such services.

9 "APPLICABILITY OF OTHER LAWS

10 "SEC. 2113. (a) Except as otherwise provided by this
11 title, the Corporation, as a wholly owned Government cor-
12 poration, shall be subject to the Government Corporation
13 Control Act (31 U.S.C. 841-871).

14 "(b) The provisions of section 3648 of the Revised
15 Statutes, as amended (31 U.S.C. 529), relating to ad-
16 vances of public moneys and certain other payments, shall
17 not be applicable to the Corporation.

18 "(c) The provisions of section 3709 of the Revised
19 Statutes, as amended (41 U.S.C. 5), or other provisions of
20 law relating to competitive bidding, shall not be applicable
21 to the Corporation.

22 "(d) Except as otherwise provided in this title, all
23 Federal laws dealing generally with agencies of the United
24 States shall be deemed to be applicable to the Corporation,
25 and all laws dealing generally with officers and employees

1 of the United States shall be deemed to be applicable to
2 officers and employees of the Corporation.

3 “(e) The provisions of the Public Buildings Act of 1959
4 (40 U.S.C. 601-615) shall not apply to the acquisition, con-
5 struction, remodeling, renovation, alteration, or repair of
6 any building of the Corporation or to the acquisition of any
7 site for any such building.

8 “(f) All general Federal penal statutes relating to the
9 larceny, embezzlement, conversion, or to the improper
10 handling, retention, use, or disposal of moneys or property
11 of the United States shall apply to the moneys and property
12 of the Corporation.

13 “COLLECTION AND PUBLICATION OF STATISTICAL DATA

14 “SEC. 2114. The Corporation shall collect, classify, and
15 publish, on a monthly and annual basis, statistical data relat-
16 ing to its operations and child care provided (directly or in-
17 directly) by the Corporation together with such other data
18 as may be relevant to the purposes and functions of the
19 Corporation.

20 “RESEARCH AND TRAINING

21 “SEC. 2115. (a) The Secretary, in the administration of
22 section 426, shall consult with and cooperate with the Cor-
23 poration with a view to providing for the conduct of research
24 and training which will be applicable to child care services.

25 “(b) The Secretary of Labor, in the administration of

1 *part C of title IV, shall consult with and cooperate with the*
2 *Corporation with a view to providing for the conduct of*
3 *training which will be applicable to child care services.*

4 “(c) *The Corporation shall have the authority to con-*
5 *duct directly or by way of contract programs of in-service*
6 *training in day care services.*

7 “**NATIONAL ADVISORY COUNCIL ON CHILD CARE**

8 “**SEC. 2116. (a)(1)** *For the purpose of providing ad-*
9 *vice and recommendations for the consideration of the Board*
10 *in matters of general policy in carrying out the purposes and*
11 *functions of the Corporation, and with respect to improve-*
12 *ments in the administration by the Corporation of its pur-*
13 *poses and functions, there is hereby created a National Ad-*
14 *visory Council on Child Care (hereinafter in this section*
15 *referred to as the ‘Council’).*

16 “(2) *The Council shall be composed of the Secretary*
17 *of Health, Education, and Welfare, the Secretary of Labor,*
18 *the Secretary of Housing and Urban Development, and*
19 *twelve individuals, who shall be appointed by the Board*
20 *(without regard to the provisions of title 5, United States*
21 *Code, governing appointments in the competitive service),*
22 *and who are not otherwise in the employ of the United*
23 *States.*

24 “(3) *Of the appointed members of the Council, not*
25 *more than three shall be selected from individuals who are*

1 representatives of social workers or child welfare workers or
2 are from the field of education, and the remaining appointed
3 members shall be selected from individuals who are repre-
4 sentatives of consumers of child care (but not including
5 more than one individual who is either a recipient of public
6 assistance or a representative of any organization which is
7 composed of or represents recipients of such assistance).

8 “(b) Each appointed member of the Council shall hold
9 office for a term of 3 years, except that any member ap-
10 pointed to fill a vacancy occurring prior to the expiration of
11 the term for which his successor was appointed shall be
12 appointed for the remainder of such term, and except that
13 the terms of office of the appointed members first taking
14 office shall expire, as designated by the Board at the time of
15 appointment, four on June 30, 1972, four on June 30, 1973,
16 and four on June 30, 1974.

17 “(c) The Council is authorized to engage such technical
18 assistance as may be required to carry out its functions,
19 and the Board shall, in addition, make available to the
20 Council such secretarial, clerical, and other assistance and
21 such pertinent data prepared by the Corporation as the
22 Council may require to carry out its functions.

23 “(d) Appointed members of the Council shall, while
24 serving on the business of the Council, be entitled to receive
25 compensation at the rate of \$100 per day, including travel-

1 *time; and while so serving away from their homes or regular*
 2 *places of business, they shall be allowed travel expenses,*
 3 *including per diem in lieu of subsistence, as authorized by*
 4 *section 5703 of title 5, United States Code, for persons in*
 5 *the Government service employed intermittently.*

6 “(e) *There are hereby authorized to be appropriated for*
 7 *each fiscal year such sums as may be necessary to carry out*
 8 *the provisions of this section.*

9 “COOPERATION WITH OTHER AGENCIES

10 “SEC. 2117. (a) *The Corporation is authorized to enter*
 11 *into agreements with public and other nonprofit agencies*
 12 *or organizations whereby children receiving child care pro-*
 13 *vided by the Corporation (whether directly or through*
 14 *arrangements with other persons) will be provided other*
 15 *services conducive to their health, education, recreation, or*
 16 *development.*

17 “(b) *Any such agreement with any such agency or*
 18 *organization shall provide that such agency or organization*
 19 *shall pay the Corporation in advance or by way of reimburse-*
 20 *ment, for any expenses incurred by it in providing any*
 21 *services pursuant to such agreement.*

22 “DEFINITIONS

23 “SEC. 2118. *For purposes of this title—*

24 “(a) *The term ‘Corporation’ means the Federal Child*
 25 *Care Corporation established pursuant to section 2102.*

1 “(b) The term ‘child care services’ means the provision,
 2 by the person undertaking to care for any child, of such
 3 personal care, protection, and supervision of each child re-
 4 ceiving such care as may be required to meet the child care
 5 needs of such child, including services provided by—

6 “(1) a child care facility;

7 “(2) a home child care facility;

8 “(3) a temporary child facility;

9 “(4) an individual as a provider of at-home child
 10 care;

11 “(5) a night care facility; or

12 “(6) a boarding facility.

13 “(c) The term ‘child care facility’ means any of the fol-
 14 lowing facilities:

15 “(1) day nursery facility;

16 “(2) nursery school;

17 “(3) kindergarten;

18 “(4) child development center;

19 “(5) play group facility;

20 “(6) preschool child care center;

21 “(7) school age child care center;

22 “(8) summer day care program facility;

23 but only if such facility offers child care services to not less
 24 than six children; and in the case of a kindergarten, nursery
 25 school, or other daytime program, such facility is not a fa-

1 cility which is operated by a public school system, and the
2 services of which are generally available without charge
3 throughout a school district of such system;

4 “(d) The term ‘home child care facility’ means—

5 “(1) a family day care home;

6 “(2) a group day care home;

7 “(3) a family school day care home; or

8 “(4) a group school age day care home.

9 “(e) The term ‘temporary child care facility’ means—

10 “(1) a temporary child care home;

11 “(2) a temporary child care center; or

12 “(3) other facility (including a family home, or
13 extended or modified family home) which provides care,
14 on a temporary basis, to transient children.

15 “(f) The term ‘at-home child care’ means the provision,
16 to a child in his own home, of child care services, by an indi-
17 vidual, who is not a member of such child’s family or a rela-
18 tive of such child, while such child’s parents are absent from
19 the home.

20 “(g) The term ‘night care facility’ means—

21 “(1) a night care home;

22 “(2) a night care center; or

23 “(3) other facility (including a family home, or
24 extended or modified home) which provides child care,
25 during the night, of children whose parents are absent

1 from their home and who need supervision during sleep-
2 ing hours in order for their parents to be gainfully
3 employed.

4 “(h) The term ‘boarding facility’ means a facility (in-
5 cluding a boarding home, a boarding center, family home, or
6 extended or modified family home) which provides child
7 care for children on a twenty-four hour per day basis (except
8 for periods when the children are attending school) for
9 periods, in the case of any child, not longer than one month.

10 “(i) The term ‘day nursery’ means a facility which,
11 during not less than five days each week, provides child care
12 to children of preschool age.

13 “(j) The term ‘nursery school’ means a school which
14 accepts for enrollment therein only children between two
15 and six years of age, which is established and operated pri-
16 marily for educational purposes to meet the developmental
17 needs of the children enrolled therein.

18 “(k) The term ‘kindergarten’ means a facility which
19 accepts for enrollment therein only children between four and
20 six years of age, which is established and operated primarily
21 for educational purposes to meet the developmental needs of
22 the children enrolled therein.

23 “(l) The term ‘child development center’ means a
24 facility which accepts for enrollment therein only children
25 of preschool age, which is established and operated pri-

1 marily for educational purposes to meet the developmental
2 needs of the children enrolled therein, and which provides
3 for the children enrolled therein care, services, or instruction
4 for not less than five days each week.

5 “(m) The term ‘play group facility’ means a facility
6 which accepts as members thereof children of preschool
7 age, which provides care or services to the members thereof
8 for not more than three hours in any day, and which is es-
9 tablished and operated primarily for recreational purposes.

10 “(n) The term ‘preschool child care center’ means a
11 facility which accepts for enrollment therein children of
12 preschool age, and which provides child care to children
13 enrolled therein on a full-day basis for at least five days
14 each week.

15 “(o) The term ‘school age child care center’ means a
16 facility which accepts for enrollment therein only children
17 of school age, and which provides child care for the children
18 enrolled therein during the portion of the day when they are
19 not attending school for at least five days each week.

20 “(p) The term ‘summer day care program’ means a
21 facility which provides child care for children during sum-
22 mer vacation periods, and which is established and operated
23 primarily for recreational purposes; but such term does not
24 include any program which is operated by any public agency,

1 if participation in such program is without charge and is gen-
2 erally available to residents of any political subdivision.

3 “(q) The term ‘family day care home’ means a family
4 home in which child care is provided, during the day, for
5 not more than eight children (including any children under
6 age fourteen who are members of the family living in such
7 home or who reside in such home on a full-time basis).

8 “(r) The term ‘group day care home’ means an ex-
9 tended or modified family residence which offers, during all
10 or part of the day, child care for not less than seven children
11 (not including any child or children who are members of
12 the family, if any, offering such services).

13 “(s) The term ‘family school age day care home’ means
14 a family home which offers child care for not more than eight
15 children, all of school age, during portions of the day when
16 such children are not attending school.

17 “(t) The term ‘group school age day care home’ means
18 an extended or modified family residence which offers family-
19 like child care for not less than seven children (not counting
20 any child or children who are members of the family, if
21 any, offering such services) during portions of the day when
22 such children are not attending school.

23 “(u) The term ‘temporary child care home’ means
24 a family home which offers child care, on a temporary basis,

1 for not more than eight children (including any children
2 under age fourteen who are members of the family, if any,
3 offering such care).

4 “(v) The term ‘temporary child care center’ means a
5 facility (other than a family home) which offers child care,
6 on a temporary basis, to not less than seven children.

7 “(w) The term ‘night care home’ means a family home
8 which offers child care, during the night, for not more than
9 eight children (including any children under age fourteen
10 who are members of the family offering such care).

11 “(x) The term ‘boarding home’ means a family home
12 which provides child care (including room and board) to
13 not more than six children (including any children under age
14 14 who are members of the family offering such care).

15 “(y) The term ‘boarding center’ means a summer camp
16 or other facility (other than a family home) which offers child
17 care (including room and board) to not less than seven
18 children.”

19 (c) (1) Section 422(a)(1) of such Act is amended by
20 striking out subparagraph (C) thereof.

21 (2) Section 425 of such Act is amended by striking out
22 “or day-care” and by adding “other than those defined in
23 sec. 2118(c)” after “child-care facilities”.

24 (3) The amendments made by this subsection shall take
25 effect July 1, 1972.

1 (d) Section 1101(a)(1) of the Social Security Act is
 2 amended by striking out "and XIX" and inserting in lieu
 3 thereof "XIX, XX, and XXI".

4 (e)(1) Section 5316 of title 5, United States Code (re-
 5 lating to Executive Schedule pay rates at level V), is amended
 6 by adding at the end thereof:

7 “(130) Chairman of the Board of Directors of the
 8 Federal Child Care Corporation.

9 “(131) Member of the Board of Directors of the
 10 Federal Child Care Corporation.”

11 *AMENDMENTS TO IMPROVE THE WORK INCENTIVE PROGRAM*
 12 *ESTABLISHED UNDER PART C OF TITLE IV OF THE SOCIAL*
 13 *SECURITY ACT*

14 *SEC. 520. (a)(1) Section 402(a)(15) of the Social*
 15 *Security Act is amended to read as follows:*

16 “(15) provide (A) for the development of a pro-
 17 gram, for appropriate members of such families and
 18 such other individuals, for preventing or reducing the
 19 incidence of births out of wedlock and otherwise strength-
 20 ening family life, and for implementing such program
 21 by assuring that in all appropriate cases family planning
 22 services are offered to them, but acceptance of family
 23 planning services provided under the plan shall be volun-
 24 tary on the part of such members and individuals and
 25 shall not be a prerequisite to eligibility for or the receipt

1 of any other service under the plan; and (B) to the
2 extent that services provided under this clause or clause
3 (14) are furnished by the staff of the State agency or
4 the local agency administering the State plan in each
5 of the political subdivisions of the State, for the establish-
6 ment of a single organization unit in such State or local
7 agency, as the case may be, responsible for the furnish-
8 ing of such services;”.

9 (2) Section 402(a)(19)(A) of such Act is amended
10 to read as follows:

11 “(A) effective July 1, 1971, provide that every
12 individual, as a condition of eligibility for aid under
13 this part, shall register for manpower services, training,
14 and employment as provided by regulations of the Sec-
15 retary of Labor, unless such individual is—

16 “(i) a child who is under age 16 or attending
17 school full time;

18 “(ii) a person who is ill, incapacitated, or of
19 advanced age;

20 “(iii) a person so remote from a work incentive
21 project that his effective participation is precluded;

22 “(iv) a person whose presence in the home is
23 required because of illness or incapacity of another
24 member of the household; or

1 “(v) a mother or other relative of a child un-
2 der the age of six who is caring for the child;
3 any individual referred to in clause (v) shall be ad-
4 vised of her option to register, if she so desires, pursuant
5 to this paragraph, and shall be informed of the child
6 care services (if any) which will be available to her in
7 the event she should decide so to register;”.

8 (3) Section 402(a)(19)(C) of such Act is amended
9 effective July 1, 1971, by striking out “20 per centum” and
10 inserting in lieu thereof “10 per centum”.

11 (4) Section 402(a)(19)(D) of such Act is amended
12 effective July 1, 1971, to read as follows:

13 “(D) that training incentives and other allow-
14 ances authorized under section 434 shall be dis-
15 regarded in determining the needs of an individual
16 under section 402(a)(7);”.

17 (5) Section 402(a)(19) of such Act is further amended
18 by striking out subparagraph (E).

19 (6) The parenthetical clause in section 402(a)(19)(F)
20 of such Act is amended by striking out “pursuant to subpara-
21 graph (A) (i) and (ii) and section 407(b)(2)” and in-
22 serting in lieu thereof “pursuant to subparagraph (G)”.

23 (7) Section 402(a)(19) of such Act is amended by
24 adding at the end thereof the following new subparagraph:

1 “(G) that the State agency, effective July
2 1, 1971, will have in effect a special program
3 which (i) will be administered by a separate
4 administrative unit and the employees of which
5 will, to the maximum extent feasible, perform
6 services only in connection with the administration
7 of such program, (ii) will provide (through ar-
8 rangements with others or otherwise) for individuals
9 who have been registered pursuant to subparagraph
10 (A), in accordance with the order of priority listed
11 in section 433(a), such health, vocational rehabilita-
12 tion, counseling, child care (through utilization of
13 the services of the Federal Child Care Corporation,
14 or otherwise), and other social and supportive serv-
15 ices as are necessary to enable such individuals to
16 accept employment or receive manpower training
17 provided under part C, and will, when such indi-
18 viduals are prepared to accept employment or re-
19 ceive manpower training, refer such individuals to
20 the Secretary of Labor for employment or training
21 under part C, and (iii) will participate in the devel-
22 opment of operational and employability plans un-
23 der section 433(b); if more than one kind of child
24 care is available, the mother may choose the type,

1 *but she may not refuse to accept child services if*
 2 *they are available;”.*

3 *(8) Section 403 of such Act is amended by adding at the*
 4 *end thereof the following new subsection:*

5 *“(e) Notwithstanding any other provision of this Act,*
 6 *the Federal share of assistance payments under this part*
 7 *shall be reduced with respect to any State for any fiscal year*
 8 *by one percentage point for each percentage point by which*
 9 *the number of individuals referred, under the program of*
 10 *such State established pursuant to section 402(a)(19)(G),*
 11 *to the local employment office of the State as being ready for*
 12 *employment is less than 15 per centum of the average number*
 13 *of individuals in such State who, during such year, are re-*
 14 *quired to be registered pursuant to section 402(a)(19)(A).”*

15 *(9) Section 403 of such Act is amended by adding after*
 16 *subsection (e) the following new subsection:*

17 *“(f) Notwithstanding subparagraph (A) of subsection*
 18 *(a)(3) the rate specified in such subparagraph shall be—*

19 *“(1) 100 per centum (rather than 75 per centum)*
 20 *with respect to family planning services provided pur-*
 21 *suant to clause (15) of section 402(a),*

22 *“(2) 90 per centum (rather than 75 per centum)*
 23 *with respect to child care services provided pursuant to*
 24 *clause (14) of section 402(a) or section 402(a)(19)*

1 *(G) but only, in the case of any quarter, if the total*
 2 *amount of non-Federal expenditures during such quarter*
 3 *under the State plan for child care services is not less*
 4 *than the amount of the average quarterly amount of non-*
 5 *Federal expenditures under such plan for child care*
 6 *services for the 4-quarter period ending December 31,*
 7 *1970; except that the Secretary is authorized, for a*
 8 *temporary period of not to exceed 6 months, to increase*
 9 *such rate to 100 per centum in a political subdivision*
 10 *of a State or portion thereof if and only if he determines*
 11 *that such services would not be made available during*
 12 *such period in the absence of such increased rate of*
 13 *payment, and*

14 *“(3) 90 per centum (rather than 75 per centum)*
 15 *with respect to social and supportive services (other than*
 16 *family planning services and child care services) pro-*
 17 *vided pursuant to section 402(a)(19)(G).”*

18 *(b)(1) The first sentence of section 430 of the Social*
 19 *Security Act is amended by striking out “special work*
 20 *projects” and inserting in lieu thereof “public service*
 21 *employment”.*

22 *(2) Section 431 of such Act is amended (1) by inserting*
 23 *“(a)” immediately after “SEC. 431.”, and (2) by adding at*
 24 *the end thereof the following new subsections:*

25 *“(b) Of the amounts expended from funds appropriated*

1 pursuant to subsection (a) for any fiscal year (commencing
2 with the fiscal year ending June 30, 1972), not less than 40
3 per centum thereof shall be expended for carrying out the
4 program of on-the-job training referred to in section 432
5 (b)(1)(B) and for carrying out the program of public
6 service employment referred to in section 432(b)(3).

7 “(c)(1) For the purpose of carrying out the provisions
8 of this part in any State for any fiscal year (commencing
9 with the fiscal year ending June 30, 1972), there shall be
10 available (from the sums appropriated pursuant to subsec-
11 tion (a) for such fiscal year) for expenditure in such State
12 an amount equal to the allotment of such State for such year
13 (as determined pursuant to paragraph (2) of this subsection).

14 “(2) Sums appropriated pursuant to subsection (a) for
15 the fiscal year ending June 30, 1972, or for any fiscal year
16 thereafter, shall be allotted among the States as follows:
17 Each State shall be allotted from such sums an amount which
18 bears the same ratio to the total of such sums as—

19 “(A) in the case of the fiscal year ending June 30,
20 1972, the average number of recipients of aid to families
21 with dependent children in such State during the month
22 of January last preceding the commencement of such
23 fiscal year bears to the average number of such recipi-
24 ents during such month in all the States; and

25 “(B) in the case of the fiscal year ending June

1 30, 1973, or in the case of any fiscal year thereafter,
2 the average number of individuals in such State who,
3 during the month of January last preceding the com-
4 mencement of such fiscal year, are registered pursuant
5 to section 402(a)(19)(A) bears to the average number
6 of individuals in all States who, during such month, are
7 so registered.”

8 (3)(A)(i) Clause (1) of section 432(b) of such Act
9 is amended—

10 (I) by inserting “(A)” immediately after “(1)”;
11 and

12 (II) by striking out “and utilizing” and inserting
13 in lieu thereof “and (B) a program utilizing”.

14 (ii) Clause (3) of section 432(b) of such Act is amended
15 by striking out “special work projects” and inserting in lieu
16 thereof “public service employment”.

17 (B) Section 432(d) of such Act is amended to read as
18 follows:

19 “(d) In providing the manpower training and employ-
20 ment services and opportunities required by this part, the
21 Secretary of Labor shall, to the maximum extent feasible,
22 assure that such services and opportunities are provided by
23 using all authority available to him under this or any other
24 Act. In order to assure that the services and opportunities so
25 required are provided, the Secretary of Labor shall use the

1 funds appropriated to him under this part to provide pro-
2 grams required by this part through such other Act, to the
3 same extent and under the same conditions (except as regards
4 the Federal matching percentage) as if appropriated under
5 such other Act and, in making use of the programs of other
6 Federal, State, or local agencies (public or private), the Sec-
7 retary of Labor may reimburse such agencies for services
8 rendered to persons under this part to the extent such services
9 and opportunities are not otherwise available on a non-
10 reimbursable basis."

11 (C) Section 432 of such Act is further amended by add-
12 ing at the end thereof the following new subsection:

13 "(f)(1) The Secretary of Labor shall establish in each
14 State, municipality, or other appropriate geographic area
15 with a significant number of persons registered pursuant to
16 section 402(a)(19)(A) a Labor Market Advisory Council
17 the function of which will be to identify and advise the Sec-
18 retary of the types of jobs available or likely to become avail-
19 able in the area served by the Council; except that if there
20 is already located in any area an appropriate body to per-
21 form such function, the Secretary may designate such body
22 as the Labor Market Advisory Council for such area.

23 "(2) Any such Council shall include representatives of
24 industry, labor, and public service employers from the area
25 to be served by the Council.

1 “(3) The Secretary shall not conduct, in any area,
2 institutional training under any program established pur-
3 suant to subsection (b) of any type which is not related to
4 jobs of the type which are or are likely to become available
5 in such area as determined by the Secretary after taking
6 into account information provided by the Labor Market
7 Advisory Council for such area.”

8 (4)(A) Section 433(a) of such Act is amended—

9 (i) by striking out “section 402” and inserting in
10 lieu thereof “section 402(a)(19)(G)”; and

11 (ii) by adding at the end thereof the following new
12 sentence: “The Secretary, in carrying out such program
13 for individuals so referred to him by a State, shall accord
14 priority to such individuals in the following order, taking
15 into account employability potential: first, unemployed
16 fathers; second, dependent children and relatives who
17 have attained age 16 and who are not in school, or
18 engaged in work or manpower training; third, mothers,
19 whether or not required to register pursuant to section
20 402(a)(19)(A), who volunteer for participation under
21 a work incentive program; fourth, all other individuals
22 so referred to him.”

23 (B) Section 433(b) of such Act is amended to read as
24 follows:

25 “(b)(1) For each State the Secretary shall develop

1 jointly with the administrative unit of such State administer-
2 ing the special program referred to in section 402(a)(19)
3 (G) a statewide operational plan.

4 “(2) The statewide operational plan shall prescribe how
5 the work incentive program established by this part will be
6 operated at the local level, and shall indicate (i) for each
7 area within the State the number and type of positions which
8 will be provided for training, for on-the-job training, and for
9 public service employment, (ii) the manner in which informa-
10 tion provided by the Labor Market Advisory Council (estab-
11 lished pursuant to section 432(f)) for any such area will be
12 utilized in the operation of such program, and (iii) the par-
13 ticular State agency or administrative unit thereof which will
14 be responsible for each of the various activities and functions
15 to be performed under such program. Any such operational
16 plan for any State must be approved by the Secretary, the
17 administrative unit of such State administering the special
18 program referred to in section 402(a)(19)(G), and the
19 regional joint committee (established pursuant to section 439)
20 for the area in which such State is located.

21 “(3) In carrying out any such statewide operational
22 plan of any State, there shall be developed jointly by the
23 Secretary and the administrative unit of the State adminis-
24 tering the special program referred to in section 402(a)(19)
25 (G) in each area of the State an employability plan for

1 each individual residing in such area who is participating in
2 the work incentive program established by this part. Such
3 employability plan for any such individual shall (i) con-
4 form with the statewide operational plan of such State, (ii)
5 provide that the separate administrative unit referred to in
6 section 402(a)(19)(G)(ii) will provide the services referred
7 to in section 402(a)(19)(G)(ii), and (iii) provide that
8 the Secretary shall be responsible for providing the training,
9 placement, and related services authorized under this part.”

10 (C)(i) Section 433(e)(1) of such Act is amended by
11 striking out “special work projects” and inserting in lieu
12 thereof “public service employment”.

13 (ii) Section 433(e)(2)(A) of such Act is amended
14 by striking out “a portion” and inserting in lieu thereof
15 “100 per centum (in the case of the first year that such
16 agreement is in effect, if such agreement is in effect at least
17 three years) and 90 per centum (if such agreement is in
18 effect less than three years; or, if such agreement is in effect at
19 least three years, in the case of any year after the first year
20 that such agreement is in effect)”.

21 (iii) Section 433(e)(2)(B) of such Act is amended
22 by striking out “on special work projects of” and inserting
23 in lieu thereof “in public service employment for”.

24 (iv) Section 433(e)(3) of such Act is hereby repealed.

25 (D) Section 433(f) of such Act is amended by striking

1 out “any of the programs established by this part” and in-
2 serting in lieu thereof “section 432(b)(3)”.

3 (E) Section 433(g) of such Act is amended by striking
4 out “section 402(a)(19)(A) (i) and (ii)” and inserting
5 in lieu thereof “section 402(a)(19)(G)”.

6 (F) Section 433(h) of such Act is amended by striking
7 out “special work projects” and inserting in lieu thereof
8 “public service employment”.

9 (G) Section 434 of such Act is amended—

10 (i) by inserting “(a)” immediately after “SEC.
11 434.”; and

12 (ii) by adding at the end thereof the following new
13 subsection:

14 “(b) The Secretary of Labor is also authorized to pay,
15 to any member of a family participating in manpower train-
16 ing under this part, allowances for transportation and other
17 costs incurred by such member, to the extent such costs are
18 necessary to and directly relating to the participation by such
19 member in such training.”

20 (5)(A) Section 435(a) of such Act is amended, effective
21 July 1, 1971, by striking out “80 per centum” and inserting
22 in lieu thereof “90 per centum”.

23 (B) Section 435(b) of such Act is amended by striking
24 out “; except that with respect to special work projects under
25 the program established by section 432(b)(3), the costs of

1 carrying out this part shall include only the costs of admin-
2 istration”.

3 (6) Section 436(b) of such Act is amended by striking
4 out “by the Secretary after consultation with” and insert-
5 ing in lieu thereof “jointly by him and”.

6 (7) Section 437 of such Act is amended to read as
7 follows:

8 “SEC. 437. The Secretary is authorized to provide to an
9 individual who is registered pursuant to section 402(a)(19)
10 (A) and who is unemployed relocation assistance (including
11 grants, loans, and the furnishing of such services as will aid
12 an involuntarily unemployed individual who desires to re-
13 locate to do so in an area where there is assurance of regular
14 suitable employment, offered through the public employment
15 offices of the State in such area, which will lead to the earning
16 of income sufficient to make such individual and his family
17 ineligible for benefits under part A).”

18 (8) Section 438 of such Act is amended by striking out
19 “projects under”.

20 (9) Section 439 of such Act is amended to read as
21 follows:

22 “SEC. 439. The Secretary and the Secretary of Health,
23 Education, and Welfare shall, not later than six months after
24 the date of enactment of the Social Security Amendments of
25 1970, issue regulations to carry out the purposes of this part,

1 *as amended by the Social Security Amendments of 1970.*
2 *Such regulations shall provide for the establishment, jointly*
3 *by the Secretary and the Secretary of Health, Education,*
4 *and Welfare, of (1) a national coordination committee the*
5 *duty of which shall be uniform reporting and similar require-*
6 *duty of which shall be to establish uniform reporting and*
7 *similar requirements for the administration of this part, and*
8 *(2) a regional coordination committee for each region which*
9 *shall be responsible for review and approval of statewide*
10 *operational plans developed pursuant to section 433(b)."*

11 *(10) Section 441 of such Act is amended—*

12 *(A) by inserting "(a)" immediately after "SEC.*
13 *441.";*

14 *(B) by adding immediately after the last sentence*
15 *thereof the following sentence: "Nothing in this section*
16 *shall be construed as authorizing the Secretary to enter*
17 *into any contract with any organization after June 1,*
18 *1970, for the dissemination by such organization of infor-*
19 *mation about programs authorized to be carried on under*
20 *this part.";* and

21 *(C) by adding after and below such section the fol-*
22 *lowing new subsection:*

23 *"(b) The Secretary shall collect and publish monthly, by*
24 *State, by age group, and by sex, the following information*

1 with respect to individuals registered pursuant to section 402

2 (a)(19)(A)—

3 “(1) the number of individuals so registered, the
4 number of individuals receiving each particular type
5 of work training services, and the number of individuals
6 receiving no such services;

7 “(2) the number of individuals placed in jobs by
8 the Secretary under section 432(b)(1)(A), and the
9 average wages of the individuals so placed;

10 “(3) the number of individuals who begin but fail
11 to complete training, and the reasons for the failure of
12 such individuals to complete training; and the number of
13 individuals who register voluntarily but do not receive
14 training or placement;

15 “(4) the number of individuals who obtain employ-
16 ment following the completion of training, and the num-
17 ber of such individuals whose employment is in fields
18 related to the particular type of training received;

19 “(5) of the individuals who obtain employment fol-
20 lowing the completion of training, the average wages of
21 such individuals, and the number retaining such employ-
22 ment three months, six months, and twelve months, fol-
23 lowing the date of completion of such training;

24 “(6) the number of individuals in public service

employment, by type of employment, and the average wages of such individuals; and

“(7) the amount of savings, under Part A of this title, realized by reason of the operation of each of the programs established pursuant to this part.”

(11) Section 442 is amended to read as follows:

*“TECHNICAL ASSISTANCE FOR PROVIDERS OF EMPLOYMENT
OR TRAINING*

“SEC. 442. The Secretary is authorized to provide technical assistance to providers of employment or training to enable them to participate in the establishment and operation of programs authorized to be established by section 432(b).”

(12) Section 443 is amended by striking out “20 per centum” wherever it appears therein and inserting in lieu thereof “10 per centum”.

(13)(A) Section 402(a)(8)(A)(ii) of the Social Security Act is amended by striking out everything that follows “determination,” and inserting in lieu thereof the following: “(I) the first \$60 of earned income for individuals who are employed at least 40 hours per week, or at least 35 hours per week and are earning at least \$64 per week, and (II) the first \$30 of earned income for other individuals, plus in each case, one-third of up to \$300 of additional earnings, and one-fifth of such additional earnings in excess

1 of \$300, except that in each case reasonable child care ex-
 2 penses (subject to such limitations as the Secretary may pre-
 3 scribe in regulations) shall first be deducted before computing
 4 such individual's earned income; and".

5 (B) Except as provided in section 570, clause (A) shall
 6 be effective July 1, 1971, except that any State may elect to
 7 modify its plan so as to provide for an earlier effective date.

8 (C) The amendments made by this section shall, except
 9 as otherwise specified herein, take effect on January 1, 1971.

10 EMERGENCY ASSISTANCE TO NEEDY MIGRANT WORKERS

11 WITH CHILDREN

12 SEC. 530. (a) Section 402(a) of the Social Security
 13 Act is amended by striking out "and" at the end of clause
 14 (22), and by inserting immediately before the period at the
 15 end of clause (23) the following: "; and (24) effective
 16 July 1, 1971, provide that emergency assistance to needy
 17 families, as defined in section 406(e)(1), be furnished on a
 18 Statewide basis to needy migrant workers with children in the
 19 State."

20 (b) Section 406(e) of such Act is amended by striking
 21 out paragraph (2).

22 (c) Section 403(a)(3)(A) of such Act is amended
 23 (A) by striking out "or" at the end of clause (ii), (B) by
 24 striking out "; plus" at the end of clause (iii) and inserting
 25 in lieu thereof ", or", and (C) by inserting after clause (iii)
 26 the following:

1 “(iv) emergency assistance to needy fam-
 2 ilies, as defined in section 406(e)(1) which is
 3 furnished to needy migrant workers with fam-
 4 ilies pursuant to section 402(a)(24); plus”

5 (d) Except as provided in section 570, the amendments
 6 made by this section shall be effective on July 1, 1971.

7 OBLIGATION OF DESERTING FATHER

8 SEC. 540. (a) Title IV of the Social Security Act is
 9 amended by adding after section 410 the following new sec-
 10 tion:

11 “PENALTY FOR CROSSING STATE LINES TO AVOID PARENTAL

12 RESPONSIBILITIES

13 “SEC. 411. Whoever, knowingly goes from one place
 14 to another in interstate or foreign commerce for the purpose
 15 of avoiding any responsibility imposed upon him under the
 16 common law or under statutory law of any State pertaining
 17 to the obligations of a parent to his child, shall be guilty of a
 18 misdemeanor and upon conviction thereof shall be imprisoned
 19 for not more than one year.

20 (b) Title IV of such Act is further amended by adding
 21 after section 411 (as added by subsection (a) of this section)
 22 the following new section:

23 “FINANCIAL OBLIGATION OF DESERTING PARENT

24 “SEC. 412. (a) Except as provided in subsection (b),
 25 any individual who has deserted his spouse, child, or chil-

1 *dren, with the result that such spouse, child, or children, be-*
2 *cause of financial need, obtained aid under this title, shall be*
3 *obligated to the United States in an amount equal to the*
4 *Federal share of such aid.*

5 *“(b) If a court of any State has issued a support order*
6 *against any individual described in subsection (a), the obli-*
7 *gation of such individual under this section shall be limited*
8 *to the amount specified in such court order less any amounts*
9 *actually paid by such individual pursuant to such court*
10 *order. The Attorney General of the United States is au-*
11 *thorized, in accordance with procedures applicable to the*
12 *recovery of obligations due to the United States, to enforce*
13 *such court order in any appropriate court and to distribute*
14 *the proceeds to the beneficiaries of such court order after*
15 *deducting the amount paid as aid under this title. He shall*
16 *refund to any State that portion of the amount so recovered*
17 *which constitutes the State’s share of such aid.*

18 *“(c) If a State court has not issued a support order*
19 *against an individual described in subsection (a) the Attorney*
20 *General of the United States is authorized to recover from*
21 *such individual an amount equal to the Federal share of the*
22 *aid furnished under this title to the spouse and child or chil-*
23 *dren of such individual.*

24 *“(d) If the Attorney General of the United States (or*
25 *any other officer of the United States) obtains information*

1 with respect to address or location of any individual described
 2 in subsection (b) such officer is authorized to furnish, upon
 3 request, such information to the deserted spouse, guardian,
 4 or custodian of the child or children deserted, or their
 5 counsel."

6 (c) The amendments made by this section shall be effec-
 7 tive upon enactment of this Act.

8 DENIAL OF AID TO FAMILIES WITH DEPENDENT CHILDREN

9 WHERE THERE IS A CONTINUING PARENT-CHILD RELA- 10 TIONSHIP

11 SEC. 541. (a) Section 406(a) of the Social Security
 12 Act is amended by adding at the end thereof the following
 13 new sentences: "If the State plan of any State so provides,
 14 a child shall be deemed not to have been deprived of parental
 15 support or care by reason of the continued absence from the
 16 home of a parent if there exists a continuing child-parent
 17 type relationship between such child and an adult individual
 18 who is not the father, mother, grandfather, grandmother,
 19 adult brother, adult sister, adult stepbrother, adult stepsister,
 20 adult uncle, adult aunt, adult first cousin, adult nephew, or
 21 adult niece, of such child. For purposes of determin-
 22 ing whether such a relationship exists between a child and
 23 such an adult individual, only the following factors may
 24 be taken into account: (A) the frequency with which such
 25 child and such individual appear together in public, (B)

1 *whether such individual is the parent of a half brother or*
2 *half sister of such child, (C) whether such individual exer-*
3 *cises parental control over such child, (D) whether substan-*
4 *tial gifts are made by such individual to such child or to mem-*
5 *bers of the family of such child, (E) whether such individual*
6 *claims such child as a dependent for income tax purposes,*
7 *(F) whether such individual cares for or arranges for the*
8 *care of such child when the relative with whom such child*
9 *is living is ill or absent from home, (G) whether such indi-*
10 *vidual assumes responsibility for such child when a crisis*
11 *occurs in such child's life, such as illness or detention of such*
12 *child by public authorities, (H) whether such individual is*
13 *listed as the parent or guardian of such child in school records*
14 *which are designed to indicate the parents or guardians of*
15 *children, (I) whether such individual makes frequent visits*
16 *to such household, (J) whether such individual gives or uses*
17 *as his address the address of such household in dealing with*
18 *his employer, his creditors, postal authorities, other public*
19 *authorities, or others with whom he may have dealings,*
20 *relationships, or obligations. Such a relationship between an*
21 *adult individual and a child may be determined to exist in*
22 *any case only after an evaluation of the factors referred*
23 *to in the preceding sentence, as well as any evidence which*
24 *may refute any inference supported by evidence related to*
25 *such factors."*

1 (b) The amendments made by this section shall be effective
2 January 1, 1971.

3 DURATION OF RESIDENCE REQUIREMENTS UNDER PUBLIC
4 ASSISTANCE PROGRAMS

5 SEC. 542. (a)(1) Section 2(a)(10) of the Social
6 Security Act is amended (A) by striking out “and” at the
7 end of subparagraph (B), and (B) by adding at the end
8 thereof the following new subparagraphs:

9 “(D) except as provided in subparagraph (E),
10 provide that assistance shall not be furnished to
11 any individual unless such individual (i) is a resi-
12 dent of the State, and (ii) has resided in the State
13 continuously for one year immediately preceding
14 the application for assistance; and”.

“(E) provide that assistance shall be furnished under the State plan for a period not to exceed one year to any individual who (i) has moved out of such State, (ii) was receiving assistance under such State plan in the month before the month in which he moved out of such State, (iii) continues to meet the eligibility requirements of such State plan except for residency, and (iv) does not meet the duration of residency requirements (if any) imposed under the old-age assistance plan of the State in which he is living;”

1 (2) Section 2(b) of such Act is amended by adding at
2 the end thereof the following new sentence: "For purposes of
3 the preceding sentence, the requirement of subsection (a)(10)
4 (D) shall not apply, if compliance with such requirement
5 would be inconsistent with State law, or any rule or regula-
6 tion made pursuant to State law."

7 (3) Section 4(2) of such Act is amended by inserting
8 "(other than the provision contained in section 2(a)(10)
9 (D))" immediately after "section 2(a)".

10 (b)(1) Section 402 of such Act (as amended by section
11 530 of this Act) is amended further by (A) striking out
12 "and" at the end of paragraph (23), and (B) by inserting
13 immediately before the period at the end of paragraph (24)
14 the following: "; (25) except as provided in paragraph (26),
15 provide that aid will not be furnished with respect to any
16 child unless such child (A) is a resident of the State, and
17 (B)(i) has resided in the State for one year immediately
18 preceding the application for such aid, or (ii) was born
19 within one year immediately preceding the application for
20 such aid, and the parent or other relative with whom the
21 child is living has resided in the State for one year imme-
22 diately preceding the birth of such child; and (26) provide
23 that aid shall be furnished under the State plan for a period
24 not to exceed one year to any individual who (A) has moved
25 out of such State, (B) was receiving aid under such State

1 plan in the month before the month in which he moved out of
2 such State, (C) continues to meet the eligibility requirements
3 of such State plan except for residency, and (D) does not
4 meet the duration of residency requirements (if any) imposed
5 under the plan for aid to families with dependent children of
6 the State in which he is living.”

7 (2) Section 402(b) of such Act is amended by adding
8 at the end thereof the following new sentence: “For purposes
9 of the preceding sentence, the requirement of subsection (a)
10 (25) shall not apply, if compliance with such requirement
11 would be inconsistent with State law, or any rule or regula-
12 tion made pursuant to State law.”

13 (3) Section 404(a)(2) of such Act is amended by in-
14 serting “(other than the provision contained in section 402
15 (a)(25))” immediately after “section 402(a)”.

16 (c)(1) Section 1002(a) of such Act (as amended by
17 section 505 of this Act) is further amended (A) by striking
18 out “and” at the end of paragraph (13), and (B) by
19 inserting immediately before the period at the end of
20 paragraph (14) the following: “; (15) except as provided in
21 paragraph (16), provide that aid will not be furnished to
22 any individual unless such individual (A) is a resident of
23 the State, and (B) has resided in the State continuously for
24 one year immediately preceding the application for aid; and
25 (16) provide that aid shall be furnished under the State plan

1 for a period not to exceed one year to any individual who
2 (A) has moved out of such State, (B) was receiving aid
3 under such State plan in the month before the month in which
4 he moved out of such State, (C) continues to meet the eligi-
5 bility requirements of such State plan except for residency,
6 and (D) does not meet the duration of residency requirements
7 (if any) imposed under the plan for aid to the blind of the
8 State in which he is living.”

9 (2) Section 1002(b) of such Act is amended by adding
10 at the end thereof the following new sentence: “For purposes
11 of the first sentence of this subsection, the requirement of sub-
12 section (a)(15) shall not apply, if compliance with such
13 requirement would be inconsistent with State law, or any rule
14 or regulation made pursuant to State law.”.

15 (3) Section 1004(2) of such Act is amended by in-
16 serting “(other than the provision contained in section 1002
17 (a)(15))” immediately after “section 1002(a)”.

18 (d)(1) Section 1402(a) of such Act is amended (A) by
19 striking out “and” at the end of paragraph (11), and (B)
20 by inserting immediately before the period at the end of para-
21 graph (12) the following: “; (13) except as provided in
22 paragraph (14), provide that aid will not be furnished to
23 any individual unless such individual (A) is a resident of
24 the State, and (B) has resided in the State continuously for
25 one year immediately preceding the application for aid; and

1 (14) provide that aid shall be furnished under the State plan
 2 for a period not to exceed one year to any individual who
 3 (A) has moved out of such State, (B) was receiving aid
 4 under such State plan in the month before the month in which
 5 he moved out of such State, (C) continues to meet the eligi-
 6 bility requirements of such State plan except for residency,
 7 and (D) does not meet the duration of residency requirements
 8 (if any) imposed under the plan for aid to the disabled of the
 9 State in which he is living.”

10 (2) Section 1402(b) of such Act is amended by adding
 11 at the end thereof the following new sentence: “For purposes
 12 of the preceding sentence, the requirement of subsection (a)
 13 (13) shall not apply, if compliance with such requirement
 14 would be inconsistent with State law, or any rule or regulation
 15 made pursuant to State law.”

16 (3) Section 1404(2) of such Act is amended by insert-
 17 ing “(other than the provision contained in section 1402(a)
 18 (13))” immediately after “section 1402(a)”.

19 (e)(1) Section 1602(a) of such Act (as amended by
 20 section 505 of this Act) is further amended (A) by strik-
 21 ing out “and” at the end of paragraph (17), (B) by strik-
 22 ing out the period at the end of paragraph (18) and inserting
 23 a semicolon in lieu of such period, and (C) by adding after
 24 paragraph (18) the following new paragraphs:

25 “(19) provide that aid to the aged, blind, or dis-

1 abled shall not be furnished to any individual unless
2 such individual (A) is a resident of the State, and (B)
3 has resided in the State continuously for one year im-
4 mediately preceding the application for such aid; and

5 “(20) provide that aid to the aged, blind, or dis-
6 abled shall be furnished under the State plan for a
7 period not to exceed one year to any individual who (A)
8 has moved out of such State, (B) was receiving aid
9 under such State plan in the month before the month
10 in which he moved out of such State, (C) continues to
11 meet the eligibility requirements of such State plan ex-
12 cept for residency, and (D) does not meet the duration
13 of residency requirements (if any) imposed under the
14 plan for aid to the aged, blind, or disabled of the State
15 in which he is living.”

16 (2) Section 1602(b) of such Act is amended by adding
17 at the end thereof the following new sentence: “For purposes
18 of the first sentence of this subsection, the requirement of
19 subsection (a)(19) shall not apply, if compliance with such
20 requirement would be inconsistent with State law, or any rule
21 or regulation made pursuant to State law.”.

22 (3) Section 1604 of such Act is amended by inserting
23 “(other than the provision contained in section 1602(a)
24 (19))” immediately after “section 1602” and immediately
25 after “any such provision”.

1 (f) *Except as provided in section 570, the amendments*
2 *made by this section shall be effective as of July 1, 1971.*

3 *LIMITATION ON DURATION OF APPEALS PROCESS*

4 *SEC. 543. (a) Section 2(a)(4) of the Social Security*
5 *Act is amended by—*

6 (1) *striking out “(4) provide” and inserting in lieu*
7 *thereof “(4) provide (A)”;* and

8 (2) *inserting before the semicolon at the end thereof*
9 *the following: “, (B) that any hearing held before the*
10 *State agency at the request of any individual to deter-*
11 *mine the matter of whether the assistance provided to*
12 *such individual under the State plan should be ter-*
13 *minated or the amount thereof reduced shall be com-*
14 *pleted, and the State agency shall make a final decision*
15 *with respect to such matter, not later than thirty days*
16 *after the date such individual is notified of the intention of*
17 *such agency to terminate or reduce the amount of such*
18 *assistance, and (C) that if any individual is determined*
19 *under any such final decision to have received (prior to*
20 *such decision) as assistance under the State plan any*
21 *amount to which he was not entitled, such amount shall*
22 *be repaid by such individual to the State agency, and if*
23 *such amount is not so repaid it shall be withheld from*
24 *any future payments to which such individual would*
25 *otherwise be entitled under the State plan”.*

1 (b) Section 402(a)(4) of such Act is amended by—

2 (1) striking out “(4) provide” and inserting in
3 lieu thereof “(4) provide (A)”; and

4 (2) inserting before the semicolon at the end thereof
5 the following: “, (B) that any hearing held before the
6 State agency at the request of any individual to determine
7 the matter of whether the aid provided to such individual
8 (or to members of his family) under the State plan should
9 be terminated or the amount thereof reduced shall be com-
10 pleted, and the State agency shall make a final decision
11 with respect to such matter, not later than thirty days
12 after the date such individual is notified of the intention
13 of such agency to terminate or reduce the amount of such
14 aid, and (C) that if any individual (or family) is de-
15 termined under any such final decision to have received
16 (prior to such decision) as aid under the State plan any
17 amount to which he (or his family) was not entitled, such
18 amount shall be repaid by such individual (or his family)
19 to the State agency, and if such amount is not so repaid
20 it shall be withheld from any future payments to which
21 such individual (or his family) would otherwise be en-
22 titled under the State plan”.

23 (c) Section 1002(a)(4) of such Act is amended by—

24 (1) striking out “(4) provide” and inserting in lieu
25 thereof “(4) provide (A)”; and

1 (2) inserting before the semicolon at the end thereof
2 the following: “, (B) that any hearing held before the
3 State agency at the request of any individual to determine
4 the matter of whether the aid provided to such individual
5 under the State plan should be terminated or reduced
6 shall be completed, and the State agency shall make a
7 final decision with respect to such matter, not later than
8 thirty days after the date such individual is notified of the
9 intention of such agency to terminate or reduce the
10 amount of such aid, and (C) that if any individual is
11 determined under any such final decision to have received
12 (prior to such decision) as aid under the State plan any
13 amount to which he was not entitled, such amount shall
14 be repaid by such individual to the State agency, and if
15 such amount is not so repaid it shall be withheld from
16 any future payments to which such individual would
17 otherwise be entitled under the State plan”.

18 (d) Section 1402 (a) (4) of such Act is amended by—

19 (1) striking out “(4) provide” and inserting in
20 lieu thereof “(4) provide (A)” ; and

21 (2) inserting before the semicolon at the end thereof
22 the following: “, (B) that any hearing held before the
23 State agency at the request of any individual to determine
24 the matter of whether the aid provided to such individual
25 under the State plan should be terminated or reduced

1 shall be completed, and the State agency shall make a final
2 decision with respect to such matter, not later than 30
3 days after the date such individual is notified of the in-
4 tention of such agency to terminate or reduce the amount
5 of such aid, and (C) that if any individual is determined
6 under any such final decision to have received (prior to
7 such decision) as aid under the State plan any amount to
8 which he was not entitled, such amount shall be repaid by
9 such individual to the State agency, and if such amount is
10 not so repaid it shall be withheld from any future pay-
11 ments to which such individual would otherwise be en-
12 titled under the State "plan".

13 (e) Section 1602(a)(4) of such Act is amended by—

14 (1) striking out "(4) provide" and inserting in
15 lieu thereof "(4) provide (A)"; and

16 (2) inserting before the semicolon at the end thereof
17 the following: ", (B) that any hearing held before the
18 State agency at the request of any individual to deter-
19 mine the matter of whether the aid provided to such
20 individual under the State plan should be terminated or
21 reduced shall be completed, and the State agency shall
22 make a final decision with respect to such matter, not
23 later than thirty days after the date such individual is
24 notified of the intention of such agency to terminate or

1 *reduce the amount of such aid, and (C) that if any indi-*
 2 *vidual is determined under any such final decision to have*
 3 *received (prior to such decision) as aid under the State*
 4 *plan any amount to which he was not entitled, such*
 5 *amount shall be repaid by such individual to the State*
 6 *agency, and if such amount is not so repaid it shall be*
 7 *withheld from any future payments to which such indi-*
 8 *vidual would otherwise be entitled under the State plan”.*

9 *(f) The amendments made by this section shall take effect*

10 *July 1, 1971.*

11 REFUSAL TO NAME PUTATIVE FATHER OF CHILD

12 SEC. 544. Section 402(a)(10) of the Social Security
 13 *Act is amended by inserting immediately before the semicolon*
 14 *at the end thereof the following: “(except that nothing in this*
 15 *clause shall be construed to preclude the State agency*
 16 *from seeking the assistance of the mother of a child born*
 17 *out of wedlock, who is an applicant for or recipient of aid*
 18 *under the State plan, in identifying the father of such child)”.*

19 DENIAL OF WELFARE FOR REFUSAL TO ALLOW CASE-
 20 WORKER IN HOME

21 SEC. 545. Title XI of the Social Security Act is amended
 22 *by adding after section 1127 (as added by section 506 of this*
 23 *Act) and before section 1151 (as added by section 245 of this*
 24 *Act) the following new section:*

1 “AUTHORITY TO REQUIRE INSPECTION OF HOME IN AD-
 2 MINISTRATION OF STATE WELFARE PLANS

3 “SEC. 1128. Any State which has in effect a plan ap-
 4 proved under title I, X, XIV, XVI, or part A or title IV may
 5 require that any applicant for (or any individual presently
 6 receiving) aid or assistance under any such plan agree, as
 7 a condition of eligibility for such aid or assistance, to per-
 8 mit inspection of his home, at reasonable times and with
 9 reasonable notice, by any duly authorized person employed
 10 by or on behalf of such State in the administration of such
 11 plan.”

12 PROHIBITION AGAINST USE OF FEDERAL FUNDS TO
 13 UNDERMINE PUBLIC ASSISTANCE PROGRAMS

14 SEC. 546. Title XI of the Social Security Act is amended
 15 by adding after section 1128 (as added by section 545 of
 16 this Act) and before section 1151 (as added by section 245
 17 of this Act) the following new section:

18 “PROHIBITION AGAINST USE OF FEDERAL FUNDS TO
 19 UNDERMINE PROGRAMS UNDER THE SOCIAL SECURITY
 20 ACT

21 “SEC. 1129. (a) No Federal funds shall be used
 22 (whether directly or indirectly) to pay all or any part of the
 23 compensation or expenses of any attorney or other person
 24 who, as a part of his federally financed activity whether as an
 25 employee in the executive branch or under a grant or con-

1 *tractual arrangement with the executive branch, engages in*
 2 *any activity, for or on behalf of any client or other person*
 3 *or class of persons, the purpose of which is (by litigation or*
 4 *by actions related thereto) to nullify, challenge, or circumvent*
 5 *any provision of the Social Security Act, or any of the pur-*
 6 *poses or intentions of the Congress in enacting any such title*
 7 *or provision thereof or relating thereto; and it shall be un-*
 8 *lawful for any such attorney or other person who engages in*
 9 *any such federally financed activity to accept or receive any*
 10 *Federal funds to defray all or any part of his compensation.*

11 *“(b) Any person who authorizes the disbursement of any*
 12 *Federal funds, and any attorney or other person who receives*
 13 *or accepts any such funds, in violation of subsection (a),*
 14 *shall be held accountable for and required to make good to the*
 15 *United States the amount of funds so disbursed or received or*
 16 *accepted.”*

17 *REGULATIONS REQUIRING USE OF DECLARATION METHOD*
 18 *IN DETERMINING ELIGIBILITY FOR PUBLIC ASSIST-*
 19 *ANCE*

20 *SEC. 550. Section 1102 of the Social Security Act is*
 21 *amended (1) by inserting “(a)” immediately after “SEC.*
 22 *1102.” and (2) by adding at the end thereof the following*
 23 *new subsection:*

24 *“(b) Nothing contained in subsection (a) or any other*
 25 *provision of law shall be construed to authorize or permit*

1 *the Secretary of Health, Education, and Welfare to pre-*
 2 *scribe any rule or regulation requiring any State, in the*
 3 *operation of a State plan approved under title I, part A of*
 4 *title IV, title X, title XIV, or title XVI, to utilize a simplified*
 5 *or declaration method in determining eligibility for aid or*
 6 *assistance under such plan."*

7 *DEPENDENT CHILDREN OF UNEMPLOYED FATHERS;*

8 *DEFINITION OF UNEMPLOYMENT*

9 *SEC. 551. (a) Section 407 of the Social Security Act*
 10 *is amended by—*

11 *(1) striking out "(as determined in accordance with*
 12 *standards prescribed by the Secretary)" in subsection*
 13 *(a) and in subsection (b)(1)(A);*

14 *(2) striking out "and" at the end of paragraph (2)*
 15 *of subsection (d);*

16 *(3) striking out the period at the end of paragraph*
 17 *(3) of subsection (d) and inserting in lieu thereof ";*
 18 *and"; and*

19 *(4) inserting after such paragraph (3) the follow-*
 20 *ing new paragraph:*

21 *"(4) An individual shall be considered to be unem-*
 22 *ployed if—*

23 *"(A) he worked less than ten hours in the last*
 24 *week prior to application for aid under a State plan*
 25 *approved under section 402, or*

“(B) he worked less than eighty hours in the thirty days prior to application.”

(b) The amendments made by this section shall be effective as of July 1, 1971.

ADVISORY COUNCILS FOR STATE PROGRAMS OF AID TO FAMILIES WITH DEPENDENT CHILDREN NOT TO BE REQUIRED UNDER REGULATIONS OF THE SECRETARY

SEC. 552. Section 1102 of the Social Security Act (as amended by section 550 of this Act) is further amended by adding at the end thereof the following new subsection:

“(c) Nothing contained in subsection (a) or any other provision of law shall be construed to authorize or permit the Secretary of Health, Education, and Welfare to prescribe any rule or regulation requiring any State, in the operation of a State plan approved under title IV, to establish or pay the expenses of any advisory council to advise the State with respect to the programs under such title in such State.”

USE OF SOCIAL SECURITY NUMBERS

SEC. 560. (a) Section 2(a) of the Social Security Act (as amended by section 542 of this Act) is further amended (A) by striking out “and” at the end of paragraph (12), (B) by striking out the period at the end of paragraph (13) and inserting in lieu of such period “; and”, and (C) by adding after paragraph (13) the following new paragraph:

1 “(14) effective January 1, 1972, provide (A)
2 that, as a condition of eligibility under the plan, each
3 applicant for or recipient of assistance shall furnish to
4 the State agency his social security account number; and
5 (B) that such State agency shall utilize such account
6 numbers in the administration of such plan.”

7 (b) Section 402(a) of such Act (as amended by section
8 542 of this Act) is further amended (A) by striking out
9 “and” at the end of paragraph (25), and (B) by inserting
10 immediately before the period at the end of paragraph (26),
11 the following: “; and (27) effective January 1, 1972, pro-
12 vide (A) that, as a condition of eligibility under the plan,
13 each applicant for or recipient of aid shall furnish to the
14 State agency his social security account number; and (B)
15 that such State agency shall utilize such account numbers in
16 the administration of such plan.”

17 (c) Section 1002(a) of such Act (as amended by sec-
18 tion 542 of this Act) is further amended (A) by striking out
19 “and” at the end of paragraph (15), and (B) by inserting
20 immediately before the period at the end of paragraph (16)
21 the following: “; and (17) effective January 1, 1972, pro-
22 vide (A) that, as a condition of eligibility under the plan,
23 each applicant for or recipient of aid shall furnish to the
24 State agency his social security account number; and (B)

1 *that such State agency shall utilize such account numbers in*
2 *the administration of such plan.”*

3 (d) Section 1402(a) of such Act (as amended by section
4 542 of this Act) is further amended (A) by striking out
5 “and” at the end of paragraph (13), and (B) by inserting
6 immediately before the period at the end of paragraph (14)
7 the following: “; and (15) effective January 1, 1972, pro-
8 vide (A) that, as a condition of eligibility under the plan,
9 each applicant for or recipient of aid shall furnish to the
10 State agency his social security account number; and (B) that
11 such State agency shall utilize such account numbers in the
12 administration of such plan.”

13 (e) Section 1602(a) of such Act (as amended by section
14 542 of this Act) is further¹ amended (A) by striking out
15 “and” at the end of paragraph (19), (B) by striking out
16 the period at the end of paragraph (20) and inserting in lieu
17 of such period “; and”, and (C) by adding after paragraph
18 (20) the following new paragraph:

19 (21) effective January 1, 1972, provide (A) that,
20 as a condition of eligibility under the plan, each appli-
21 cant for or recipient of aid shall furnish to the State
22 agency his social security account number; and (B) that
23 such State agency shall utilize such account numbers in
24 the administration of such plan.”

1 *TESTING OF ALTERNATIVES TO PROGRAM OF AID TO*
2 *FAMILIES WITH DEPENDENT CHILDREN*

3 *SEC. 561. (a) For purposes of this section—*

4 *(1) The term “family assistance test program” means*
5 *a program which contemplates that—*

6 *(A) the assets and resources of families will (ex-*
7 *cept to the extent otherwise prescribed by the Secretary)*
8 *be taken into account in determining eligibility for or*
9 *amount of payments under the program;*

10 *(B) there will be established minimum income levels*
11 *for families of various sizes;*

12 *(C) money payments will be made (periodically)*
13 *to families whose income is less than the applicable mini-*
14 *imum income level so established;*

15 *(D) such money payments will be denied to any*
16 *adult member of a family (other than such a member*
17 *who is ill, aged, or disabled, is caring for another member*
18 *of such family who is ill or disabled, or is caring for*
19 *another member of such family who is a child of pre-*
20 *school age) who refuses without good cause to accept*
21 *employment or participate in a vocational training or*
22 *similar training program which is designed to prepare*
23 *such member to engage in employment;*

24 *(E) incentives for members of families to engage*
25 *in employment will be provided by disregarding a por-*

tion of the earnings of such family for purposes of determining eligibility for and the amounts of the money payments payable to such family under the program; and

(F) there will be provided to the families participating in such program (in appropriate cases) (i) placement and employment training services, (ii) child care services when needed to facilitate participation, by adult members of such families, in employment or a vocational training or similar training program, (iii) family planning services, and (iv) other appropriate supportive services.

(2) The term "workfare test program" means a program which contemplates that—

(A) the assets and resources of families will (except to the extent otherwise prescribed by the Secretary) be taken into account in determining eligibility to participate in the program;

(B) families headed by an adult, who (by reason of advanced age, illness, or disability, caring for another member of the family who is ill or disabled, or caring for a member of such family who is a child of pre-school age) is presumed to be unable to engage in employment, will be entitled to receive welfare assistance in the form of money payments the amount of which shall be based

1 *on standards of need developed for families of various*
2 *sizes, with provision for disregarding a portion of the*
3 *earnings of such family for purposes of determining*
4 *eligibility for and the amounts of the money payments*
5 *payable to such family under the program;*

6 *(C) adult individuals who are heads of families*
7 *and who are unemployed (or underemployed) will be*
8 *eligible to register to participate in employment or in a*
9 *training program designed to qualify them for specific*
10 *jobs available in the locality in which they live;*

11 *(D) all registrants will be placed in employment*
12 *(including subsidized public service employment) or such*
13 *a training program;*

14 *(E) registrants placed in employment for wages at*
15 *less than the rate of the minimum wage would receive*
16 *wage supplement payments (in amounts which shall not*
17 *be greater than the difference between any registrant's*
18 *hourly wage and the minimum wage) for hours (not in*
19 *excess of 40 hours for any week) during which work is*
20 *performed by them in such employment;*

21 *(F) training allowances would be paid to regis-*
22 *trants with appropriate reductions in the amount of such*
23 *allowances in cases where registrants participate in train-*
24 *ing on less than a full-time basis; and*

25 *(G) there will be provided to the families partic-*

1 *ipating in such program (i) child care services when*
2 *needed to facilitate participation, by any registrant, in*
3 *employment or a vocational training or similar training*
4 *program, (ii) family planning services, and (iii) other*
5 *appropriate supportive services.*

6 (3) *The term "family" means a family with children.*

7 (b) (1) *The Secretary of Health, Education, and Wel-*
8 *fare (hereinafter in this section referred to as the "Secre-*
9 *tary") is authorized, effective January 1, 1971, to plan for*
10 *and conduct, in accordance with the provisions of this sec-*
11 *tion, not more than four test programs. One-half of such pro-*
12 *grams shall be family assistance test programs and one-*
13 *half of such programs shall be workfare test programs.*

14 (2) *Whenever a family assistance test program is com-*
15 *menced, there shall commence, on the same date as such pro-*
16 *gram, a workfare test program, and both such programs*
17 *shall (except as may otherwise be authorized by the Congress)*
18 *terminate on the same date. Except as may otherwise be au-*
19 *thorized by the Congress, no test program under this section*
20 *shall be conducted for a period of less than 24 months.*

21 (3) *Any such test program shall be conducted only in*
22 *and with respect to an area which consists of a State, one or*
23 *more political subdivisions of a State, or part of a political*
24 *subdivision of a State, and shall be applicable to all the*
25 *individuals who are residents of the State or the area of the*

1 *State in and with respect to which such program is con-*
2 *ducted.*

3 (4) *During any period for which any such test pro-*
4 *gram is in effect in any State or in any area of a State, in-*
5 *dividuals residing in such State or the area of the State in*
6 *which such program is in effect shall not be eligible for aid*
7 *or assistance under any State plan or program for which the*
8 *State receives Federal financial assistance under part A of*
9 *title IV of the Social Security Act.*

10 (5) *The Secretary, in determining the areas in which*
11 *test programs under this section shall be conducted, shall*
12 *select areas with a view to assuring—*

13 (A) *that the number of participants in any such*
14 *program will (to the maximum extent practicable) be*
15 *equal to the number of participants in any other such*
16 *program; and*

17 (B) *that the area in which any family assistance*
18 *test program is conducted shall be comparable (in terms*
19 *of size and composition of population, of average per*
20 *capita income, rate of unemployment, and other relevant*
21 *criteria) to an area in which a workfare test program*
22 *is conducted.*

23 (c) (1) *No test program under this section shall be con-*
24 *ducted in any State (or any area thereof) unless such State*

1 shall have entered into an agreement with the Secretary
2 under which the State agrees—

3 (A) to participate in the costs of such test program;
4 and

5 (B) to cooperate with the Secretary in the conduct
6 of such program.

7 (2) Under any such agreement, no State shall be re-
8 quired to expend, with respect to any test program conducted
9 within such State (or any area thereof), amounts greater
10 than the amounts which would have been expended with re-
11 spect to such State or area thereof (as the case may be),
12 during the period that such test program is in effect, under
13 the State plan of such State approved under part A of title
14 IV of the Social Security Act. For purposes of determining
15 the amount any State would have expended under such a plan
16 during the period that any such test program is in effect with-
17 in such State (or any area thereof), it shall be assumed that
18 the rate of State expenditure (from non-Federal funds)
19 under such plan would be equal to the average rate of State
20 expenditure (from non-Federal funds) under such plan for
21 the 12-month period immediately preceding the commence-
22 ment of such test program.

23 (d)(1) The Secretary shall, upon completion of any
24 plans for and prior to the commencement of any test pro-

1 gram under this section, submit to the Committee on Finance
2 of the Senate and the Committee on Ways and Means of the
3 House of Representatives a complete and detailed description
4 of such program and shall invite and give consideration to
5 the comments and suggestions of such committees with respect
6 to such program.

7 (2) During the period that test programs are in opera-
8 tion under this section, the Secretary shall from time to time
9 (but not less frequently than once during any 12-month
10 period) submit to the Congress a report on such programs
11 which shall contain full and complete information and data
12 with respect to such programs and the operation thereof, to-
13 gether with such recommendations and comments of the
14 Secretary with respect to such programs as he deems
15 desirable.

16 (3) At the earliest practicable date after the termina-
17 tion of all test programs authorized to be conducted by this
18 section, the Secretary shall submit to the Congress a full and
19 complete report on such programs and their operation to-
20 gether with the Secretary's evaluation of such programs and
21 such comments or recommendations of the Secretary with
22 respect to such programs as he deems desirable.

23 (e)(1) The Secretary shall—

24 (A) in the planning of any test program under this
25 section; or

26 (B) in assembling information, statistics, or other

1 materials, to be contained in any report to Congress
2 under this section;

3 consult with, and seek the advice and assistance of, the Gen-
4 eral Accounting Office and the General Accounting Office
5 shall consult with the Secretary and furnish such advice and
6 assistance to him upon request of the Secretary or at such
7 times as the Comptroller General deems desirable.

8 (2) The operations of any test program conducted under
9 this section shall be reviewed by the General Accounting Of-
10 fice, and the books, records, and other documents pertaining
11 to any such program or its operation shall be available to the
12 General Accounting Office at all reasonable times for pur-
13 poses of audit, review, or inspection. The books, records, and
14 documents of each such program shall be audited by the Gen-
15 eral Accounting Office from time to time (but not less fre-
16 quently than once each year).

17 (3) During the period that test programs are in opera-
18 tion under this section, the Comptroller General shall from
19 time to time (but not less frequently than once during any 12-
20 month period) submit to the Congress a report on such pro-
21 grams which shall contain full and complete information and
22 data with respect to such programs and the operation there-
23 of, together with such recommendations and comments of the
24 Comptroller General with respect to such programs as he
25 deems desirable.

1 (4) *At the earliest practicable date after the termination*
 2 *of all test programs authorized to be conducted by this sec-*
 3 *tion, the Comptroller General shall submit to the Congress a*
 4 *full and complete report on such programs and their opera-*
 5 *tion together with his evaluation of, and comments and rec-*
 6 *ommendations (if any) with respect to, such programs.*

7 (f) *In the administration of test programs under this*
 8 *section, the Secretary shall provide safeguards which restrict*
 9 *the use or disclosure of information identifying participants*
 10 *in such programs to purposes directly connected with the ad-*
 11 *ministration of such programs (except that nothing in this*
 12 *subsection shall be construed to prohibit the furnishing of rec-*
 13 *ords or information concerning participants in such pro-*
 14 *grams to the Committee on Finance of the Senate or the Com-*
 15 *mittee on Ways and Means of the House of Representatives).*

16 (g) *For the purpose of enabling the Secretary to formu-*
 17 *late operational plans and to conduct test programs under*
 18 *this section, there are authorized to be appropriated for each*
 19 *fiscal year such sums as may be necessary.*

20 *PILOT PROJECT TO BE ADMINISTERED BY REHABILITATION*

21 *SERVICES ADMINISTRATION*

22 SEC. 562. (a)(1) *The Secretary of Health, Educa-*
 23 *tion, and Welfare is authorized to utilize the personnel and*
 24 *facilities of the Rehabilitation Services Administration to con-*

1 duct in one location a pilot project of a welfare program for
2 needy families with children (including families where the
3 head of the family is employed but whose earnings are insuffi-
4 cient adequately to meet family needs) headed by individuals
5 who are able (or when provided with needed counseling, re-
6 habilitative services, and vocational training, have a potential
7 for becoming able) to work.

8 (2)(A) The pilot project authorized by this section shall
9 commence on the same date as the commencement of the first
10 family assistance test program to be commenced under sec-
11 tion 561 and such project shall terminate on the date of
12 termination of such test program.

13 (B) The Secretary, in determining the area in which such
14 pilot project shall be conducted, shall select an area which is
15 comparable (in terms of size and composition of population,
16 of acreage per capita income, rate of unemployment, and
17 other relevant criteria) to the area in which such family
18 assistance test program is to be conducted.

19 (b)(1) It shall be the purpose and objective of such proj-
20 ect to encourage and assist adult individuals who are able to
21 work (or have a potential for becoming able to work) to pre-
22 pare for and obtain employment.

23 (2) Such individuals shall be provided with such coun-

1 *seling, rehabilitative, social, and other services (including*
2 *child care services), such as vocational training as may*
3 *be necessary or appropriate to prepare them for and enable*
4 *them to accept employment.*

5 *(3) To the maximum extent feasible, such individuals*
6 *shall be prepared for and assisted in obtaining employment*
7 *the remuneration from which will be sufficient adequately to*
8 *meet family needs.*

9 *(c) Individuals who are residents of the area wherein*
10 *such pilot project is conducted shall not, during the period that*
11 *such project is in effect, be eligible for aid or assistance under*
12 *any State plan or program for which the State receives Fed-*
13 *eral financial assistance under part A of title IV of the*
14 *Social Security Act; but, such pilot project shall be admin-*
15 *istered in such manner that such individuals who would,*
16 *except for such pilot project, be eligible for aid or assistance*
17 *under any such plan or program, shall receive benefits equal*
18 *to those which would have been provided to them under such*
19 *plan or program.*

20 *(d) The Secretary may consult with the Secretary of*
21 *Labor concerning training or other manpower services to be*
22 *provided under any pilot project conducted under this sec-*

tion, and may with the consent of the Secretary of Labor utilize, on a reimbursable basis, the personnel and facilities of the Department of Labor in providing such services under any such pilot project.

(e) The provisions of subsections (c), (d), (e), and (f) or section 561 of this Act shall be applicable to the pilot project authorized under this section in like manner as if such project were a test program under such section 561.

(f) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.

CERTAIN EFFECTIVE DATES POSTPONED IF STATE LEGISLATURE DOES NOT CONVENE BEFORE 1972

SEC. 570. The requirements imposed by sections 520 (b) (14), 530, and 542 of this Act shall not be requirements for the State plan of any State prior to July 1, 1972, if the legislature of such State does not meet in a regular session which closes before July 1, 1971.

TITLE ~~III~~ VI—MISCELLANEOUS PROVISIONS

MEANING OF TERM "SECRETARY"

SEC. ~~304~~ 601. As used in titles I, II, IV, and V of this Act, and in the provisions of the Social Security Act amended by this Act, the term "Secretary," unless the context other-

1 wise requires, means the Secretary of Health, Education,
2 and Welfare.

3 *DEDUCTIBILITY OF ILLEGAL MEDICAL REFERRAL*
4 *PAYMENTS, ETC.*

5 *SEC. 602. (a) Section 162(c) of the Internal Revenue*
6 *Code of 1954 (relating to bribes and illegal kickbacks) is*
7 *amended—*

8 *(1) by striking out paragraphs (2) and (3) and*
9 *inserting in lieu thereof the following new paragraph:*

10 *“(2) OTHER ILLEGAL PAYMENTS.—No deduction*
11 *shall be allowed under subsection (a) for any payment*
12 *(other than a payment described in paragraph (1))*
13 *made, directly or indirectly, to any person, if the pay-*
14 *ment constitutes an illegal bribe or kickback under any*
15 *law of the United States, or under any law of a State*
16 *(but only if such State law is generally enforced), which*
17 *subjects the payor to a criminal or civil penalty (includ-*
18 *ing the loss of license or privilege to engage in a trade or*
19 *business). For purposes of this paragraph, a bribe or*
20 *kickback includes a payment in consideration of the*
21 *referral of a client, patient, or customer.”; and*

22 *(2) by striking out “BRIBES AND ILLEGAL KICK-*
23 *BACKS.” in the heading of such section and inserting in*
24 *lieu thereof “ILLEGAL BRIBES, KICKBACKS, ETC.”.*

1 (b) The amendments made by subsection (a) shall ap-
 2 ply with respect to payments made after December 30, 1969.

3 REQUIRED INFORMATION RELATING TO EXCESS MED-
 4 ICARE TAX PAYMENTS BY RAILROAD EMPLOYEES

5 SEC. 603. (a) Section 6051(a) of the Internal Revenue
 6 Code of 1954 (relating to requirement of receipts for em-
 7 ployees) is amended—

8 (1) by striking out “section 3101, 3201, or 3402”
 9 in the matter preceding paragraph (1) and inserting in
 10 lieu thereof “section 3101 or 3402”;

11 (2) by inserting “and” at the end of paragraph
 12 (5), and by striking out “; and” at the end of paragraph
 13 (6) and inserting in lieu thereof a period; and

14 (3) by striking out paragraphs (7) and (8).

15 (b) Section 6051(c) of such Code (relating to addi-
 16 tional requirements) is amended by striking out “sections
 17 3101 and 3201” in the second sentence and inserting in lieu
 18 thereof “section 3101”.

19 (c) Section 6051 of such Code (relating to receipts for
 20 employees) is amended by adding at the end thereof the fol-
 21 lowing new subsection:

22 “(e) RAILROAD EMPLOYEES.—

23 “(1) ADDITIONAL REQUIREMENT.—Every person

1 *required to deduct and withhold tax under section 3201*
2 *from an employee shall include on or with the statement*
3 *required to be furnished such employee under subsection*
4 *(a) a notice concerning the provisions of this title with*
5 *respect to the allowance of a credit or refund of the tax*
6 *on wages imposed by section 3101(b) and the tax on*
7 *compensation imposed by section 3201 or 3211 which*
8 *is treated as a tax on wages imposed by section 3101(b).*

9 *“(2) INFORMATION TO BE SUPPLIED TO EM-*
10 *PLOYEES.—Each person required to deduct and withhold*
11 *tax under section 3201 during any year from an em-*
12 *ployee who has also received wages during such year*
13 *subject to the tax imposed by section 3101(b) shall, upon*
14 *request of such employee, furnish to him a written state-*
15 *ment showing—*

16 *“(A) the total amount of compensation with*
17 *respect to which the tax imposed by section 3201*
18 *was deducted,*

19 *“(B) the total amount deducted as tax under*
20 *section 3201, and*

21 *“(C) the portion of the total amount deducted*
22 *as tax under section 3201 which is for financing the*
23 *cost of hospital insurance under part A of title*
24 *XVIII of the Social Security Act.”*

1 (d) *The amendments made by this section shall apply*
 2 *in respect of remuneration paid after December 31, 1969.*

3 REPORTING OF MEDICAL PAYMENTS

4 SEC. 604. (a) *Subpart B of part III of subchapter A*
 5 *of chapter 61 of the Internal Revenue Code of 1954 (re-*
 6 *lating to information concerning transactions with other*
 7 *persons) is amended by adding at the end thereof the follow-*
 8 *ing new section:*

9 “SEC. 6050A. RETURNS REGARDING PAYMENTS TO PRO-
 10 VIDERS OF HEALTH CARE SERVICES.

11 “(a) REQUIREMENT OF REPORTING.—

12 “(1) PAYMENTS TO PROVIDERS.—Every person
 13 *who during any calendar year (beginning with calendar*
 14 *year 1971) makes payments aggregating \$600 or more*
 15 *to a provider of health care services for health care serv-*
 16 *ices furnished by such provider or by another such pro-*
 17 *vider shall make a return according to the forms or*
 18 *regulations prescribed by the Secretary or his delegate*
 19 *setting forth the total amount of such payments made to*
 20 *such provider during the calendar year, and the name*
 21 *and address of such provider.*

22 “(2) PAYMENTS IN REIMBURSEMENT OF CERTAIN
 23 AMOUNTS PAID OR PAYABLE TO PROVIDERS UNDER
 24 GOVERNMENT PROGRAMS.—Every person who during

1 *any calendar year (beginning with calendar year 1972)*
2 *makes payments to one or more persons in reimburse-*
3 *ment of amounts aggregating \$600 or more paid or pay-*
4 *able to a provider of health care services for health care*
5 *services furnished by such provider or by another such*
6 *provider under a Government health care program shall*
7 *make a return according to the forms or regulations pre-*
8 *scribed by the Secretary or his delegate setting forth the*
9 *total amount paid or payable to such provider during the*
10 *calendar year with respect to which such reimburse-*
11 *ments were made, and the name and address of such*
12 *provider.*

13 “(b) *EXCEPTIONS.—*

14 “(1) *EXEMPT ORGANIZATIONS.—*Subsections (a)
15 (1) and (2) shall not apply to any payment to, or
16 amount paid or payable to, an organization—

17 “(A) *which is described in section 501(c)(3)*
18 *and is exempt from taxation under section 501(a), or*

19 “(B) *which is an agency or instrumentality of*
20 *the United States or of any State or political sub-*
21 *division thereof.*

22 “(2) *CERTAIN DIRECT PAYMENTS.—*Subsection
23 (a) (1) shall not apply to—

24 “(A) *any payment by an individual for health*

1 *care services furnished to himself or any other in-*
2 *dividual (other than any such payment made in the*
3 *course of a trade or business), or*

4 *“(B) any payment of wages (as defined in sec-*
5 *tion 3401(a)) with respect to which a statement is*
6 *made under section 6051.*

7 *“(3) PAYMENTS SPECIFIED IN REGULATIONS.—*
8 *The Secretary or his delegate may by regulations specify*
9 *payments to which subsection (a)(1) shall not apply*
10 *and amounts paid or payable to which subsection (a)(2)*
11 *shall not apply.*

12 *“(c) DEFINITIONS.—For purposes of this section—*

13 *“(1) HEALTH CARE SERVICES.—The term ‘health*
14 *care services’ means—*

15 *“(A) services described in paragraphs (1)*
16 *through (9) of section 1861(s) of the Social Secu-*
17 *rity Act, or (to the extent not described therein) in*
18 *paragraphs (1) through (15) of section 1905(a) of*
19 *such Act, and*

20 *“(B) such other services (similar or related to*
21 *the services described in subparagraph (A)) as the*
22 *Secretary or his delegate may prescribe by*
23 *regulations.*

1 “(2) *PROVIDERS OF SERVICES.*—The term ‘pro-
 2 vider of health care services’ means any person who fur-
 3 nishes health care services, except any such person whose
 4 services are principally the selling or leasing of items of
 5 personal property.

6 “(3) *GOVERNMENT HEALTH CARE PROGRAMS.*—
 7 The term ‘Government health care program’ means any
 8 program for providing health care services which is ad-
 9 ministered by any department, agency, or instrumen-
 10 tality of the Government of the United States or is funded
 11 to a substantial extent by the United States, and includes
 12 (but is not limited to) the programs provided under—

13 “(A) titles V, XVIII, and XIX of the Social
 14 Security Act,

15 “(B) chapter 89 of title 5, United States Code,
 16 and the Retired Federal Employees Health Benefits
 17 Act,

18 “(C) chapter 55 of title 10, United States
 19 Code, and

20 “(D) chapter 17 of title 38, United States
 21 Code.

22 “(d) *RETURNS BY GOVERNMENT OFFICERS.*—Any re-
 23 turn required under subsection (a) with respect to pay-
 24 ments or reimbursements made by the United States, any

1 *State or political subdivision thereof, or any agency or in-*
2 *strumentality of the foregoing, shall be made by the officers*
3 *or employees having information as to such payments or*
4 *reimbursements.*

5 “(e) *STATEMENTS TO BE FURNISHED TO PROVIDERS*
6 *WITH RESPECT TO WHOM INFORMATION IS FUR-*
7 *NISHED.*—*Every person making a return under subsection*
8 *(a) shall furnish to each provider of health care services*
9 *whose name is set forth in such return a written statement*
10 *showing—*

11 “(1) *the name and address of the person making*
12 *such return, and*

13 “(2) *the total amount of payments described in sub-*
14 *section (a)(1) made to the provider as shown on such*
15 *return, and the total amounts paid or payable to the*
16 *provider with respect to which reimbursements described*
17 *in subsection (a)(2) were made as shown on such return.*

18 *The written statement required under the preceding sentence*
19 *shall be furnished to the provider on or before January 31 of*
20 *the year following the calendar year for which the return*
21 *under subsection (a) was made.*

22 “(f) *RECIPIENT TO FURNISH REQUIRED INFORMA-*
23 *TION.*—*Upon demand of a person making payments to, or in*

1 reimbursement of amounts paid or payable to, a provider of
 2 health care services, there shall be furnished to such person
 3 by such provider—

4 “(1) his name and address, and (if different) the
 5 address used for purposes of filing his income tax return,
 6 and

7 “(2) such identifying number as may be prescribed
 8 for securing proper identification of such provider.

9 “(g) *RETENTION OF RECORDS.*—Every person making
 10 a return under subsection (a) shall—

11 “(1) retain the records and other documents relat-
 12 ing to the payments and reimbursements with respect to
 13 which such return is made for such time as the Secretary
 14 or his delegate prescribes by regulations, and

15 “(2) make such records and documents available to
 16 the Secretary or his delegate whenever in the judgment
 17 of the Secretary or his delegate such records and docu-
 18 ments are necessary to the determination of the tax im-
 19 posed on any person under subtitle A.

20 “(h) *STUDY OF PRACTICES IN COLLECTING PAYMENTS*
 21 *FOR HEALTH CARE SERVICES.*—

22 “(1) *JOINT STUDY BY SECRETARIES OF TREASURY*
 23 *AND HEALTH, EDUCATION, AND WELFARE.*—The Secre-
 24 tary and the Secretary of Health, Education, and Wel-
 25 fare shall make a joint continuing study of the practices

1 of providers of health care services in collecting payments
 2 for health care services (A) from insurance companies
 3 which provide health care insurance coverage for indi-
 4 viduals and (B) from the individuals for whom such
 5 services are furnished.

6 “(2) *REPORTS TO CONGRESSIONAL COMMITTEES.*—
 7 The Secretary and the Secretary of Health, Education,
 8 and Welfare shall, on or before June 30 of each year
 9 (beginning with 1971), report the results of their study
 10 under paragraph (1) to the Committee on Finance of
 11 the Senate and the Committee on Ways and Means of the
 12 House of Representatives.”

13 (b) (1) The table of sections for subpart B of part III
 14 of subchapter A of chapter 61 of the Internal Revenue Code
 15 of 1954 is amended by adding at the end thereof the follow-
 16 ing new item:

“Sec. 6050A. Returns regarding payments to providers of
 health care services.”

17 (2) Section 6041 (a) of such Code (relating to in-
 18 formation at source) is amended by striking out “or 6049
 19 (a) (1)” and inserting in lieu thereof “6049 (a) (1), or
 20 6050A (a)”.

21 (3) Section 6652 (a) of such Code (relating to failure
 22 to file certain information returns) is amended—

23 (A) by striking out “or” at the end of paragraph

24 (2);

1 (B) by inserting “or” at the end of paragraph (3);

2 (C) by inserting after paragraph (3) the following

3 *new paragraph:*

4 “(4) to make a return required by section 6050A

5 (a) (relating to reporting payments made to providers of

6 *health care services, etc.) with respect to payments to a*

⁷ provider of health care services and amounts paid or

8 *payable to such a provider for which reimbursements*

9 *were made,"*; and

10 (D) by striking out “(2) or (3)” and inserting in

11 *lieu thereof “(2), (3), or (4)”.*

12 (4) Section 6678 of such Code (relating to failure to

¹³ furnish certain statements) is amended—

14 (A) by inserting “6050A (e),” before “or 6052

15 *(b)''; and*

16 (B) by inserting “6050A (a),” before “or 6052

17 $(a)''$.

18 *(c) Title XI of the Social Security Act is amended by*

19 *adding after section 1129 (as added by section 546 of this*

²⁰ Act) and before section 1151 (as added by section 245 of

21 *this Act) the following new section:*

22 "RECORDS WITH RESPECT TO MEDICAL AND HEALTH CARE

23 *ITEMS AND SERVICES*

24 “SEC. 1130. (a) It shall be the duty of the Secretary to

²⁵ compile, keep, and maintain, for each calendar year (be-

1 *ginning with the calendar year 1970), such records as may*
2 *be necessary accurately to indicate—*

3 “(1) *the identity (by name, address, medical or*
4 *health care specialty, and such other identifying criteria*
5 *as may be appropriate) of each person who, during the*
6 *calendar year, furnishes medical or health care items or*
7 *services to any individual, the number of individuals*
8 *to whom such items or services were furnished by*
9 *such person during such year, and the items and*
10 *services furnished to such individuals by such per-*
11 *son during such year, if all or any part of the cost*
12 *or charge attributable to the provision of such items or*
13 *services is payable under a program established by title*
14 *XVIII or under any program or project under or estab-*
15 *lished pursuant to this title, title V, or title XIX; and*

16 “(2) *with respect to each person referred to in para-*
17 *graph (1), the aggregate of the amounts of the costs or*
18 *charges attributable, under each program or project*
19 *referred to in such paragraph, to medical or health care*
20 *items or services furnished, during the calendar year, by*
21 *such person to individuals under such programs and proj-*
22 *ects (including, in the aggregate amount of costs or*
23 *charges so attributable, the amounts paid to individuals*
24 *by reason or on account of the furnishing by such per-*
25 *son of such items or services to such individuals).*

1 “(b)(1) In order to carry out the provisions of sub-
2 section (a), the Secretary shall require persons, agencies, or
3 agents (including carriers and intermediaries utilized under
4 title XVIII and fiscal agents and insurers utilized under any
5 program established under or pursuant to title V or XIX)
6 administering, or assisting in the administration of, any pro-
7 gram or project referred to in subsection (a)(1) to collect,
8 and submit to the Secretary at such time or times as the Sec-
9 retary may require, such data and information as the Sec-
10 retary may deem necessary or appropriate. Such persons,
11 agents, carriers, intermediaries, fiscal agents, and insurers
12 shall utilize, in supplying the data and information provided
13 for in the preceding sentence, the identifying numbers re-
14 quired under paragraph (2) as the basic means of identify-
15 ing persons referred to in subsection (a)(1).

16 “(2) The Secretary shall require, for purposes of iden-
17 tifying the persons referred to in subsection (a)(1), the em-
18 ployment of the identifying numbers utilized on returns re-
19 quired with respect to payments to such persons pursuant to
20 section 6050A of the Internal Revenue Code of 1954.

21 “(c)(1) The Secretary shall submit to the Committee on
22 Finance of the Senate and the Committee on Ways and
23 Means of the House of Representatives with respect to each
24 calendar year, beginning with the calendar year 1970, a

1 report indicating the name, address, and medical or health
2 care specialty of each person who, during such year, fur-
3 nished medical or health care items or services to individuals
4 the costs of or charges for which give rise to payments under
5 one or more of the programs or projects referred to in subsec-
6 tion (a)(1) of \$25,000 or more. Such report shall indicate
7 the amount of payments under each of such programs or
8 projects attributable to such items or services furnished dur-
9 ing such year by each such person, the number of different
10 individuals to whom such items or services were furnished by
11 such person during such year, and the items and services fur-
12 nished to such individuals by such person during such year.

13 “(2) Such report for the calendar year 1970 shall be
14 submitted not later than June 30, 1971, and such report for
15 each succeeding calendar year shall be submitted not later
16 than June 30 of the following calendar year.”

17 APPOINTMENT AND CONFIRMATION OF ADMINISTRATOR OF

18 SOCIAL AND REHABILITATION SERVICES

19 SEC. 605. Appointments made on or after the date of
20 enactment of this Act to the office of the Administrator of the
21 Social and Rehabilitation Service, within the Department of
22 Health, Education, and Welfare, shall be made by the
23 President, by and with the advice and consent of the Senate.

1 *ADVISORY COUNCIL ON SOCIAL SECURITY; CHANGE IN*
2 *REPORTING DATE*

3 *SEC. 606. So much of section 706(d) of the Social*
4 *Security Act as precedes paragraph (1) is amended by*
5 *inserting immediately after "appointed," the following:*
6 *"(except that the Council appointed in 1969 shall submit*
7 *its reports to the Secretary not later than March 1, 1971)".*

8 *VETERANS' PENSIONS*

SEC. 607. (a)(1) The table in subsection (b) of section 521 of title 38, United States Code, is amended to appear as follows:

"Column I		Column II
Annual income		
More than— but	Equal to or less than—	
	\$400	\$120
\$400	500	117
500	600	114
600	700	110
700	800	106
800	900	102
900	1,000	98
1,000	1,100	94
1,100	1,200	90
1,200	1,300	86
1,300	1,400	81
1,400	1,500	76
1,500	1,600	70
1,600	1,700	64
1,700	1,800	58
1,800	1,900	52
1,900	2,000	46
2,000	2,100	38
2,100	2,200	34
2,200	2,300	30".

- 1 (2) The table in subsection (c) of such section 521 is
- 2 amended to appear as follows:

"Column I		Column II	Column III	Column IV
Annual income		One dependent	Two dependents	Three or more dependents
More than—	but Equal to or less than—			
	\$600	\$130	\$135	\$140
\$600	700	128	133	137
700	800	126	131	134
800	900	124	129	131
900	1,000	122	127	128
1,000	1,100	120	125	125
1,100	1,200	118	122	122
1,200	1,300	116	119	119
1,300	1,400	114	116	116
1,400	1,500	112	113	113
1,500	1,600	110	110	110
1,600	1,700	107	107	107
1,700	1,800	104	104	104
1,800	1,900	101	101	101
1,900	2,000	98	98	98
2,000	2,100	95	95	95
2,100	2,200	92	92	92
2,200	2,300	89	89	89
2,300	2,400	86	86	86
2,400	2,500	83	83	83
2,500	2,600	80	80	80
2,600	2,700	77	77	77
2,700	2,800	74	74	74
2,800	2,900	71	71	71
2,900	3,000	68	68	68
3,000	3,100	64	64	64
3,100	3,200	60	60	60
3,200	3,300	56	56	56
3,300	3,400	51	51	51
3,400	3,500	43	43	43
3,500	3,600	35	35	35".

- 1 (3) *The table in subsection (b) of section 541 of title*
2 38, *United States Code*, is amended to appear as follows:

"Column I		Column II
Annual income		
More than—	but Equal to or less than—	
	\$400	\$80
\$400	500	78
500	600	76
600	700	74
700	800	72
800	900	69
900	1,000	66
1,000	1,100	63
1,100	1,200	60
1,200	1,300	57
1,300	1,400	54
1,400	1,500	51
1,500	1,600	47
1,600	1,700	43
1,700	1,800	39
1,800	1,900	35
1,900	2,000	30
2,000	2,100	24
2,100	2,200	21
2,200	2,300	18".

1 (4) The table in subsection (c) of such section 541
 2 is amended to appear as follows:

"Column I		Column II
Annual income		
More than—	but Equal to or less than—	
\$600	\$600	\$97
700	700	96
800	800	95
900	900	94
1,000	1,000	93
1,100	1,100	92
1,200	1,200	91
1,300	1,300	89
1,400	1,400	87
1,500	1,500	85
1,600	1,600	83
1,700	1,700	81
1,800	1,800	79
1,900	1,900	77
2,000	2,000	75
2,100	2,100	73
2,200	2,200	71
2,300	2,300	69
2,400	2,400	67
2,500	2,500	65
2,600	2,600	63
2,700	2,700	61
2,800	2,800	59
2,900	2,900	57
3,000	3,000	55
3,100	3,100	53
3,200	3,200	51
3,300	3,300	49
3,400	3,400	47
3,500	3,500	45
3,600	3,600	42".

3 (5) Subsection (d) of such section 541 is amended by
 4 striking out "\$16" and inserting in lieu thereof "\$17".

5 (6) Section 542(a) of title 38, United States Code, is
 6 amended by striking out "\$40" and "\$16" and inserting in
 7 lieu thereof "\$43" and "\$17", respectively.

1 (b)(1) The table in subsection (b)(1) of section 415
 2 of title 38, United States Code, is amended to appear as
 3 follows:

"Column I		Column II
Total annual income		
More than—	but Equal to or less than—	
\$800	\$800	\$94
900	900	90
1,000	1,000	86
1,100	1,100	82
1,200	1,200	76
1,300	1,300	69
1,400	1,400	62
1,500	1,500	55
1,600	1,600	48
1,700	1,700	41
1,800	1,800	34
1,900	1,900	28
2,000	2,000	22
2,100	2,100	16
2,200	2,200	14
2,300	2,300	12".

4 (2) The table in subsection (c) of such section 415
 5 is amended to appear as follows:

"Column I		Column II
Total annual income		
More than—	but Equal to or less than—	
\$800	\$800	\$63
900	900	61
1,000	1,000	58
1,100	1,100	54
1,200	1,200	51
1,300	1,300	47
1,400	1,400	42
1,500	1,500	37
1,600	1,600	32
1,700	1,700	28
1,800	1,800	24
1,900	1,900	21
2,000	2,000	18
2,100	2,100	15
2,200	2,200	13
2,300	2,300	12".

1 (3) The table in subsection (d) of such section 415 is
 2 amended to appear as follows:

"Column I		Column II
Total combined annual income		
More than—	but Equal to or less than—	
	\$1,000	\$63
\$1,000	1,100	62
1,100	1,200	60
1,200	1,300	58
1,300	1,400	56
1,400	1,500	54
1,500	1,600	52
1,600	1,700	50
1,700	1,800	48
1,800	1,900	46
1,900	2,000	44
2,000	2,100	42
2,100	2,200	40
2,200	2,300	38
2,300	2,400	36
2,400	2,500	34
2,500	2,600	32
2,600	2,700	30
2,700	2,800	28
2,800	2,900	26
2,900	3,000	24
3,000	3,100	22
3,100	3,200	20
3,200	3,300	18
3,300	3,400	16
3,400	3,500	14
3,500	3,600	12".

3 (c) Clause (G) of section 415(g)(1) of title 38,
 4 United States Code, and clause (6) of section 503 of such
 5 title are hereby repealed.

6 (d) The amendments made by this section shall be-
 7 come effective January 1, 1971.

8 DISREGARDING OF SOCIAL SECURITY INCREASES UNDER
 9 WELFARE PROGRAMS

10 SEC. 608. (a) Section 1007 of the Social Security
 11 Amendments of 1969, as amended by section 2(b) of Public
 12 Law 91-306, is amended to read as follows:

1 *"SEC. 1007. In addition to the requirements imposed by*
 2 *law as a condition of approval of a State plan to provide*
 3 *aid to individuals under title I, X, XIV, or XVI of the*
 4 *Social Security Act, there is hereby imposed the requirement*
 5 *(and the plan shall be deemed to require) that, in the case*
 6 *of any individual found eligible (as a result of the require-*
 7 *ment imposed by this section or otherwise), for aid for any*
 8 *month after March 1970 and before January 1972 who also*
 9 *receives in such month—*

10 *"(1) a monthly insurance benefit under title II of*
 11 *such Act, the sum of the aid received by him for such*
 12 *month, plus the monthly insurance benefit received by*
 13 *him in such month, shall not be less than the sum of the*
 14 *aid which would have been received by him for such month*
 15 *under the State plan as in effect for March 1970, plus*
 16 *either*

17 *"(A) the monthly insurance benefit which was*
 18 *or would have been received by him in March 1970*
 19 *without regard to the other provisions of this title plus*
 20 *\$4, or*

21 *"(B) the monthly insurance benefit which was*
 22 *or would have been received by him in March 1970*
 23 *under the provisions of this title,*
 24 *whichever is less (whether this requirement is satisfied*

1 by disregarding a portion of his monthly insurance
2 benefit or otherwise), or

3 “(2) a monthly payment of annuity or pension
4 under the Railroad Retirement Act of 1937 or the Rail-
5 road Retirement Act of 1935, the sum of the aid received
6 by him in such month, plus the monthly payment of such
7 annuity or pension received by him in such month (not
8 including any part of such annuity or pension which is
9 disregarded under section 1006), shall (except as other-
10 wise provided in the succeeding sentence) not be less
11 than the sum of the aid which would have been received
12 by him for such month under such plan as in effect for
13 March 1970, plus either

14 “(A) the monthly payment of annuity or pen-
15 sion which was or would have been received by him
16 in March 1970 without regard to the provisions of
17 any Act enacted after May 30, 1970, and before
18 December 31, 1970, which provides general increases
19 in the amount of such monthly payment of annuity
20 or pension plus \$4, or

21 “(B) the monthly payment of annuity or pen-
22 sion which was or would have been received by him
23 in March 1970, taking into account the provisions
24 of such Act (if any),

1 *whichever is less (whether this requirement is satisfied by*
2 *disregarding a portion of his monthly payment of annuity*
3 *or pension or otherwise)."*

4 *(b) Notwithstanding the provisions of sections 2(a)*
5 *(10), 1002(a)(8), 1402(a)(8), and 1602(a)(13) and*
6 *(14) of the Social Security Act, each State, in determining*
7 *need for aid or assistance under a State plan approved under*
8 *title I, X, XIV, or XVI, of such Act, shall disregard (and*
9 *the plan shall be deemed to require the State to disregard),*
10 *in addition to any other amounts which the State is required*
11 *or permitted to disregard in determining such need, any*
12 *amount paid to an individual under title II of such Act (or*
13 *under the Railroad Retirement Act of 1937 by reason of the*
14 *first proviso in section 3(e) thereof), in any month after*
15 *December 1970, to the extent that (1) such payment is at-*
16 *tributable to the increase in monthly benefits under the old-*
17 *age, survivors, and disability insurance system for January*
18 *or February 1971 resulting from the enactment of this Act,*
19 *and (2) the amount of such increase is paid separately*
20 *from the rest of the monthly benefit of such individual for*
21 *January or February 1971.*

22 *(c) In addition to the requirements imposed by law as*
23 *a condition of approval of a State plan to provide aid or*
24 *assistance to individuals under title I, X, XIV, or XVI*
25 *of the Social Security Act, there is hereby imposed the re-*
26 *quirement (and the plan shall be deemed to require) that, for*

1 months after March 1971, and before January 1972, the
2 amount of aid or assistance payable to any individual under
3 any such plan shall be computed in such manner as the
4 Secretary of Health, Education, and Welfare shall by regu-
5 lations prescribe to assure that any increase in the amount
6 of such aid or assistance which is required by reason of the
7 provisions of section 502 of this Act shall be in addition to,
8 and not in lieu of, any increase in the amount of such aid
9 or assistance which is or would be required by section 1007
10 of the Social Security Amendments of 1969, as amended.

11 **ACCEPTANCE OF MONEY GIFTS MADE UNCONDITIONALLY**
12 **TO THE SOCIAL SECURITY ADMINISTRATION**

13 *SEC. 609. (a) The second sentence of section 201(a)*
14 *of the Social Security Act is amended by inserting after*
15 *“in addition,” and before “such amounts” the following:*
16 *“such gifts and bequests as may be made thereto, and”.*

17 *(b) The second sentence of section 201(b) of such*
18 *Act is amended by inserting after “consist of” and before*
19 *“such amounts” the following: “such gifts and bequests as*
20 *may be made thereto, and”.*

21 *(c) Section 201 of such Act is further amended by*
22 *adding after subsection (h) the following new subsection:*

23 *“(i)(1) The Managing Trustee of the Federal Old-*
24 *Age and Survivors Insurance Trust Fund, the Federal Dis-*
25 *ability Insurance Trust Fund, the Federal Hospital Insur-*

1 *ance Trust Fund, and the Federal Supplementary Medical*
2 *Insurance Trust Fund is authorized to accept on behalf of*
3 *the United States gifts and bequests made unconditionally*
4 *to such Trust Funds or to the Social Security Administra-*
5 *tion.*

6 “(2) *Any such gift accepted pursuant to the authority*
7 *granted in paragraph (1) of this subsection shall be deposited*
8 *in—*

9 “(A) *the specific trust fund designated by the*
10 *donor, or*

11 “(B) *if the donor has not so designated, to the*
12 *Federal Old-Age and Survivors Insurance Trust*
13 *Fund.*”

14 (d) *The second sentence of section 1817(a) of such*
15 *Act is amended by inserting after “consist of” and before*
16 *“such amounts” the following: “such gifts and bequests as*
17 *may be made thereto, and”.*

18 (e) *The second sentence of section 1841(a) of such*
19 *Act is amended by inserting after “consist of” and before*
20 *“such amounts” the following: “such gifts and bequests as*
21 *may be made thereto, and”.*

22 (f) *The amendments made by this section shall apply*
23 *with respect to gifts received after the date of enactment*
24 *of this Act.*

25 (g) *For the purpose of Federal income, estate, and gift*

1 *taxes, any gift or bequest to the Federal Old-Age and Survi-*
 2 *vors Insurance Trust Fund, the Federal Disability Insurance*
 3 *Trust Fund, the Federal Hospital Insurance Trust Fund,*
 4 *or the Federal Supplementary Medical Insurance Trust*
 5 *Fund, or the Social Security Administration, which is*
 6 *accepted by the Managing Trustee of such Trust Funds under*
 7 *the authority of section 201(i) of the Social Security Act,*
 8 *shall be considered as a gift or bequest to or for the use of the*
 9 *United States and as made for exclusively public purposes.*

10 *LOANS TO ENABLE CERTAIN FACILITIES TO MEET REQUIRE-*
 11 *MENTS OF LIFE SAFETY CODE*

12 *SEC. 610. (a) It is the purpose of this section to provide*
 13 *assistance in the form of loans to hospitals and extended care*
 14 *facilities, which are providers of service participating in the*
 15 *health insurance program established by title XVIII of the*
 16 *Social Security Act, in meeting requirements of the Life*
 17 *Safety Code of the National Fire Protection Association.*

18 *(b) The Secretary of Health, Education, and Welfare*
 19 *(hereinafter referred to as the "Secretary") is authorized*
 20 *for a period of five years commencing January 1, 1971, to*
 21 *lend to any hospital or extended care facility described in*
 22 *subsection (a) a sum sufficient to enable such hospital or*
 23 *extended care facility to install sprinkler systems and such*
 24 *as are necessary to meet the requirements of the Life Safety*
 25 *Code of the National Fire Protection Association, but only*

1 if a State planning agency described in section 314(a), sec-
2 tion 314(b), or section 604(a) of the Public Health Service
3 Act (or such other appropriate planning agency as may be
4 designated by the Secretary) determines that the proposed
5 expenditure should be made to permit the continued participa-
6 tion of such hospital or extended care facility in the program
7 established by title XVIII of the Social Security Act, and
8 that the proposed investment is not inconsistent with, or in-
9 appropriate in terms of area needs for the facility concerned.

10 (c)(1) Loans under this section shall be made only
11 upon application therefor and shall be made by the Secretary
12 in such amounts as the Secretary determines to be appropriate
13 to carry out the purposes of this section and protect the
14 financial interests of the United States.

15 (2) The rate of interest to be charged for any loan under
16 this section shall be the average of the rates of interest on
17 obligations issued for purchase by the Federal Hospital In-
18 surance Trust Fund as determined at the time such loan is
19 made.

20 (3) Such loans shall be repaid over a period of not to
21 exceed 10 years, in equal periodic installments to be made
22 not less frequently than annually.

23 (4) Such loans shall become due and payable in full at
24 once if the Secretary determines (A) that the funds in ques-
25 tion were not used for the purpose specified in the loan

1 application, or (B) that the facility has ceased to make its
2 services available to a reasonable proportion of persons en-
3 titled to benefits under title XVIII of the Social Security
4 Act in the area served by such facility and who require
5 such services.

6 (d) No hospital or extended care facility shall be eligible
7 for a loan under this section unless—

8 (1) it was in operation and participating as a pro-
9 vider of services under title XVIII of the Social Security
10 Act on January 1, 1971,

11 (2) the building in which the sprinkler system is to
12 be installed was constructed prior to January 1, 1971,
13 and

14 (3) the Secretary is satisfied that the applicant is
15 unable to secure such loan from other sources or is unable
16 to secure such loan from other sources at a reasonable
17 rate of interest and on reasonable terms and conditions.

18 (e) There are authorized to be appropriated for the
19 fiscal year ending June 30, 1970, and for each of the next
20 five fiscal years such sums as may be necessary to carry out
21 this section.

22 RETIREMENT INCOME CREDIT

23 SEC. 611. (a) Section 37(d) of the Internal Revenue
24 Code of 1954 (relating to limitation on retirement income) is
25 amended—

1 (1) by striking out “\$1,524” in the matter preced-
 2 ing paragraph (1) and inserting in lieu thereof
 3 “\$1,872”;

4 (2) by striking out “\$1,200” in paragraph (2)
 5 (B) and inserting in lieu thereof “\$1,680”; and

6 (3) by striking out “\$1,700” each place it appears
 7 in paragraph (2)(B) and inserting in lieu thereof
 8 “\$2,880”.

9 (b) Section 37(i) of such Code (relating to special rules
 10 for married couples) is amended by striking out “\$2,286”
 11 in paragraph (2)(B) and inserting in lieu thereof “\$2,808”.

12 (c) The amendments made by this section shall apply to
 13 taxable years beginning after December 31, 1970.

14 TAX CREDIT FOR CERTAIN EXPENSES INCURRED IN WORK

15 INCENTIVE PROGRAMS

16 SEC. 612 (a) Subpart A of part IV of subchapter
 17 A of chapter 1 of the Internal Revenue Code of 1954 (relat-
 18 ing to credits allowable) is amended by renumbering section
 19 40 as section 41, and by inserting after section 39 the follow-
 20 ing new section:

21 “SEC. 40. EXPENSES OF WORK INCENTIVE PROGRAMS.

22 “(a) GENERAL RULE.—There shall be allowed, as a
 23 credit against the tax imposed by this chapter, the amount
 24 determined under subpart C of this part.

25 “(b) REGULATIONS.—The Secretary or his delegate

1 shall prescribe such regulations as may be necessary to carry
2 out the purposes of this section and subpart C.”

3 (b) Part IV of subchapter A of chapter 1 of such Code
4 (relating to credits against tax) is amended by adding at the
5 end thereof the following new subpart:

6 “Subpart C—Rules for Computing Credit for Expenses of
7 *Work Incentive Programs*

“Sec. 50. Amount of credit.

“Sec. 50A. Definitions; special rules.

8 “SEC. 50. AMOUNT OF CREDIT.

9 “(a) DETERMINATION OF AMOUNT.—

10 “(1) GENERAL RULE.—The amount of the credit
11 allowed by section 40 for the taxable year shall be equal
12 to 20 percent of the work incentive program expenses
13 (as defined in section 50A(a)).

14 “(2) LIMITATION BASED ON AMOUNT OF TAX.—
15 Notwithstanding paragraph (1), the credit allowed by
16 section 40 for the taxable year shall not exceed—

17 “(A) so much of the liability for the taxable
18 year as does not exceed \$25,000, plus

19 “(B) 50 percent of so much of the liability for
20 tax for the taxable year as exceeds \$25,000.

21 “(3) LIABILITY FOR TAX.—For purposes of para-
22 graph (2), the liability for tax for the taxable year
23 shall be the tax imposed by this chapter for such year,
24 reduced by the sum of the credits allowable under—

1 “(A) section 33 (relating to foreign tax
2 credit),

3 “(B) section 35 (relating to partially tax
4 exempt interest),

5 “(C) section 37 (relating to retirement in-
6 come), and

7 “(D) section 38 (relating to investment in cer-
8 tain depreciable property).

9 *For purposes of this paragraph, any tax imposed for the*
10 *taxable year by section 531 (relating to accumulated*
11 *earnings tax), section 541 (relating to personal holding*
12 *company tax), or section 1378 (relating to tax on*
13 *certain capital gains of subchapter S corporations), and*
14 *any additional tax imposed for the taxable year by sec-*
15 *tion 1351(d)(1) (relating to recoveries of foreign ex-*
16 *propriation losses), shall not be considered tax imposed*
17 *by this chapter for such year.*

18 “(4) *MARRIED INDIVIDUALS.* *In the case of a*
19 *husband or wife who files a separate return, the amount*
20 *specified under subparagraphs (A) and (B) of para-*
21 *graph (2) shall be \$12,500 in lieu of \$25,000. This*
22 *paragraph shall not apply if the spouse of the taxpayer*
23 *has no work incentive program expenses for, and no*
24 *unused credit carryback or carryover to, the taxable year*
25 *of such spouse which ends within or with the taxpayer's*
26 *taxable year.*

1 “(5) *CONTROLLED GROUPS.*—In the case of a con-
2 trolled group, the \$25,000 amount specified under para-
3 graph (2) shall be reduced for each component member
4 of such group by apportioning \$25,000 among the com-
5 ponent members of such group in such manner as the Sec-
6 retary or his delegate shall by regulations prescribe. For
7 purposes of the preceding sentence, the term ‘controlled
8 group’ has the meaning assigned to such term by section
9 1563(a).

10 “(b) *CARRYBACK AND CARRYOVER OF UNUSED*
11 *CREDIT.*—

12 “(1) *ALLOWANCE OF CREDIT.*—If the amount of
13 the credit determined under subsection (a)(1) for any
14 taxable year exceeds the limitation provided by sub-
15 section (a)(2) for such taxable year (hereinafter in
16 this subsection referred to as ‘unused credit year’), such
17 excess shall be—

18 “(A) a work incentive program credit carry-
19 back to each of the 3 taxable years preceding the
20 unused credit year, and

21 “(B) a work incentive program credit carry-
22 over to each of the 7 taxable years following the
23 unused credit year,

24 and shall be added to the amount allowable as a credit
25 by section 40 for such years, except that such excess

1 *may be a carryback only to a taxable year beginning*
 2 *after December 31, 1970. The entire amount of the*
 3 *unused credit for an unused credit year shall be carried*
 4 *to the earliest of the 10 taxable years to which (by*
 5 *reason of subparagraphs (A) and (B)) such credit*
 6 *may be carried, and then to each of the other 9 taxable*
 7 *years to the extent that, because of the limitation con-*
 8 *tained in paragraph (2), such unused credit may not*
 9 *be added for a prior taxable year to which such unused*
 10 *credit may be carried.*

11 “(2) *LIMITATION.*—*The amount of the unused*
 12 *credit which may be added under paragraph (1) for*
 13 *any preceding or succeeding taxable year shall not*
 14 *exceed the amount by which the limitation provided by*
 15 *subsection (a)(2) for such taxable year exceeds the sum*
 16 *of—*

17 “(A) *the credit allowable under subsection (a)*
 18 *(1) for such taxable year, and*

19 “(B) *the amounts which, by reason of this*
 20 *subsection, are added to the amount allowable for*
 21 *such taxable year and attributable to taxable years*
 22 *preceding the unused credit year.*

23 “(C) *EARLY TERMINATION OF EMPLOYMENT BY*
 24 *EMPLOYER, ETC.—*

1 “(1) *GENERAL RULE.*—Under regulations pre-
2 scribed by the Secretary or his delegate—

3 “(A) *WORK INCENTIVE PROGRAM EX-*
4 *PENSES.*—If the taxpayer terminates the employ-
5 ment of any employee with respect to whom work
6 incentive program expenses are taken into account
7 under subsection (a) at any time during the first
8 12 months of such employment (whether or not
9 consecutive) or before the close of the 12th calendar
10 month after the calendar month in which such
11 employee completes 12 months of employment with
12 the taxpayer, the tax under this chapter for the
13 taxable year in which such employment is termi-
14 nated shall be increased by an amount (determined
15 under such regulations) equal to the credits allowed
16 under section 40 for such taxable year and all prior
17 taxable years attributable to work incentive program
18 expenses paid or incurred with respect to such
19 employee.

20 “(B) *CARRYBACKS AND CARRYOVERS AD-*
21 *JUSTED.*—In the case of any termination of employ-
22 ment to which subparagraph (A) applies, the carry-
23 backs and carryovers under subsection (b) shall be
24 properly adjusted.

1 “(2) *SUBSECTION NOT TO APPLY IN CERTAIN*
2 *CASES.—*

3 “(A) *IN GENERAL.—*Paragraph (1) shall not
4 *apply to—*

5 “(i) *a termination of employment of an*
6 *employee who voluntarily leaves the employ-*
7 *ment of the taxpayer, or*

8 “(ii) *a termination of employment of an*
9 *individual who, before the close of the period*
10 *referred to in paragraph (1) (A), becomes dis-*
11 *abled to perform the services of such employment,*
12 *unless such disability is removed before the close*
13 *of such period and the taxpayer fails to offer*
14 *reemployment to such individual.*

15 “(B) *CHANGE IN FORM OF BUSINESS, ETC.—*
16 *For purposes of paragraph (1), the employment*
17 *relationship between the taxpayer and an employee*
18 *shall not be treated as terminated—*

19 “(i) *by a transaction to which section 381*
20 *(a) applies, if the employee continues to be*
21 *employed by the acquiring corporation, or*

22 “(ii) *by reason of a mere change in the*
23 *form of conducting the trade or business of the*
24 *taxpayer, if the employee continues to be em-*
25 *ployed in such trade or business and the tax-*

1 payer retains a substantial interest in such trade
2 or business.

3 “(3) *SPECIAL RULE.*—Any increase in tax under
4 paragraph (1) shall not be treated as tax imposed by this
5 chapter for purposes of determining the amount of any
6 credit allowable under subpart A.

7 “**SEC. 50A. DEFINITIONS; SPECIAL RULES.**

8 “(a) *WORK INCENTIVE PROGRAM EXPENSES.*—For
9 purposes of this subpart, the term ‘work incentive program
10 expenses’ means the wages and salaries of employees who
11 are certified by the Secretary of Labor as having been placed
12 in employment under a work incentive program established
13 under section 432(b)(1)(B) of the Social Security Act
14 which are paid or incurred for services rendered by such
15 employees during the first 12 months of such employment
16 (whether or not consecutive).

17 “(b) *LIMITATIONS.*—

18 “(1) *TRADE OR BUSINESS EXPENSES.*—No item
19 shall be taken into account under subsection (a) unless
20 such item is allowable as a deduction under section 162
21 (relating to trade or business expenses).

22 “(2) *REIMBURSED EXPENSES.*—No item shall be
23 taken into account under subsection (a) to the extent
24 that the taxpayer is reimbursed for such item.

1 “(3) *GEOGRAPHICAL LIMITATION.*—No item
2 shall be taken into account under subsection (a) with
3 respect to any expense paid or incurred by the taxpayer
4 for training conducted outside of the territory of the
5 United States.

6 “(4) *MAXIMUM PERIOD OF TRAINING OR IN-*
7 *STRUCTION.*—No wages or salary of an employee shall
8 be taken into account under subsection (a) after the
9 end of the 24-month period beginning with the date of
10 initial employment of such employee by the taxpayer.

11 “(5) *INELIGIBLE INDIVIDUALS.*—No item shall
12 be taken into account under subsection (a) with respect
13 to an individual who—

14 “(A) bears any of the relationships described
15 in paragraphs (1) through (8) of section 152(a)
16 to the taxpayer, or, if the taxpayer is a corporation,
17 to an individual who owns, directly or indirectly,
18 more than 50 percent in value of the outstanding
19 stock of the corporation (determined with the appli-
20 cation of section 267(c)), or

21 “(B) if the taxpayer is an estate or trust, is a
22 grantor, beneficiary, or a fiduciary of the estate or
23 trust, or is an individual who bears any of the rela-
24 tionships described in paragraphs (1) through (8)
25 of section 152(a) to a grantor, beneficiary, or fidu-
26 ciary of the estate or trust.

1 “(c) *SUBCHAPTER S CORPORATIONS.*—In case of an
2 electing small business corporation (as defined in section
3 1371)—

4 “(1) the work incentive program expenses for each
5 taxable year shall be apportioned pro rata among the
6 persons who are shareholders of such corporation on the
7 last day of such taxable year, and

8 “(2) any person to whom any expenses have been
9 apportioned under paragraph (1) shall be treated (for
10 purposes of this subpart) as the taxpayer with respect to
11 such expenses.

12 “(d) *ESTATES AND TRUSTS.*—In the case of an estate
13 or trust—

14 “(1) the work incentive program expenses for any
15 taxable year shall be apportioned between the estate or
16 trust and the beneficiaries on the basis of the income of
17 the estate or trust allocable to each,

18 “(2) any beneficiary to whom any expenses have
19 been apportioned under paragraph (1) shall be treated
20 (for purposes of this subpart) as the taxpayer with
21 respect to such expenses, and

22 “(3) the \$25,000 amount specified under subpara-
23 graphs (A) and (B) of section 50(a)(2) applicable
24 to such estate or trust shall be reduced to an amount
25 which bears the same ratio to \$25,000 as the amount of

1 the expenses allocated to the trust under paragraph (1)
2 bears to the entire amount of such expenses.

3 “(e) *LIMITATIONS WITH RESPECT TO CERTAIN PER-*
4 *SONS.—In the case of—*

5 “(1) an organization to which section 593 applies,

6 “(2) a regulated investment company or a real
7 estate investment trust subject to taxation under sub-
8 chapter M (section 851 and following), and

9 “(3) a cooperative organization described in sec-
10 tion 1381(a),

11 rules similar to the rules provided in section 46(d) shall
12 apply under regulations prescribed by the Secretary or his
13 delegate.

14 “(f) *CROSS REFERENCE.—*

*“For application of this subpart to certain acquiring cor-
porations, see section 381(c)(24).”*

15 “(c) (1) The table of subparts for part IV of subchapter
16 A of chapter 1 of such Code is amended by adding at the
17 end thereof the following:

*“Subpart C. Rules for computing credit for expenses of
work incentive programs.”*

18 “(2) The table of sections of subpart A of part IV of
19 subchapter A of chapter 1 of such Code is amended by
20 striking out the last item and inserting in lieu thereof the
21 following:

“Sec. 40. Expenses of work incentive programs.

“Sec. 41. Overpayments of tax.”

(3) Section 381(c) of such Code (relating to items taken into account in certain corporated acquisitions) is amended by adding at the end thereof the following new paragraph:

“(24) CREDIT UNDER SECTION 40 FOR WORK INCENTIVE PROGRAM EXPENSES.—The acquiring corporation shall take into account (to the extent proper to carry out the purposes of this section and section 40, and under such regulations as may be prescribed by the Secretary or his delegate) the items required to be taken into account for purposes of section 40 in respect of the distributor or transferor corporation.”

(d) The amendments made by this section shall apply to taxable years beginning after December 31, 1970.

CHANGE IN EXECUTIVE SCHEDULE—COMMISSIONER OF
SOCIAL SECURITY

SEC. 613. (a) Section 5316 of title 5, United States Code (relating to positions at level V of the Executive Schedule), is amended by striking out:

“(51) Commissioner of Social Security, Department of Health, Education, and Welfare.”.

(b) Section 5315 of title 5, United States Code (relating to positions at level IV of the Executive Schedule), is amended by adding at the end thereof the following:

1 “(94) *Commissioner of Social Security, Depart-*
2 *ment of Health, Education, and Welfare.*”.

3 (c) *The amendments made by the preceding provisions*
4 *of this section shall take effect on the first day of the first pay*
5 *period of the Commissioner of Social Security, Department*
6 *of Health, Education, and Welfare, which commences on or*
7 *after January 1, 1971.*

Passed the House of Representatives May 21, 1970.

Attest:

W. PAT JENNINGS,

Clerk.

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Calendar No. 1443

91ST CONGRESS
2D SESSION

H. R. 17550

[Report No. 91-1431]

AN ACT

To amend the Social Security Act to provide increases in benefits, to improve computation methods, and to raise the earnings base under the old-age, survivors, and disability insurance system, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis upon improvements in the operating effectiveness of such programs, and for other purposes.

May 27, 1970

Read twice and referred to the Committee on Finance

DECEMBER 11, 1970

Reported with amendments